

Current History

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CAROL L. THOMPSON

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Current History

FEBRUARY, 1970

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"Some observers in the United States assert that social-minded military governments may hold the key to development because of the lethargic bureaucracies, dysfunctional parliaments and incompetent civilian politicos found in many Latin American nations. They view the Peruvian junta as a sort of 'white blackbird'...."

Peru's Military Government

BY GEORGE W. GRAYSON, JR.

Assistant Professor of Government, College of William and Mary

A MILITARY JUNTA, headed by General Juan Velasco Alvarado, assumed power in Peru after executing a carefully planned pre-dawn *golpe del estado* on October 3, 1968. Around 2 A.M., a column of 30 tanks suddenly rumbled into Lima's historic Plaza de Armas, which bounds the main entrance to the Presidential Palace. The silver-casqued guards swung open the palace gates and stepped aside, permitting a small group of fatigue-wearing officers to enter the building. Fifty minutes later they emerged with President Fernando Belaúnde Terry and whisked him off to the airport; then a Peruvian Airlines plane carried him to Buenos Aires. This episode terminated Belaúnde's five-year-old demo-

cratically elected government and marked the first military takeover in Latin America since General Juan Carlos Onganía ousted Argentine President Arturo Illia in June, 1966.

Ironically, military intervention had paved the way for Belaúnde himself to win the presidency. When in the 1962 presidential contest Victor Raúl Haya de la Torre of the Peruvian Aprista party—considered a blood enemy by Peru's military¹—appeared likely to defeat his two major opponents, Belaúnde of the Popular Action movement (A.P.) and ex-dictator Manuel Odria of the conservative Odrist National Union (U.N.O.), the military seized power, nullified the elections and governed for one year. In new elections held the following June, Belaúnde eked out a narrow victory thanks to support from the Christian Democrats and the pro-Communist National Liberation Front.

The advent to power of the then 50-year-old Belaúnde raised hopes both in Peru and abroad. A United States-educated architect, the newly elected President pledged to maintain democracy while shuffling his country's pyramidal social structure in favor of the disadvantaged, the vast majority of Peru's 13

¹ This feud began during the administration of Colonel Sánchez Cerro, who was elected President in 1931. In July of the following year the Apristas, angered because of the chief executive's heavy-handed suppression of opponents, staged a rebellion in the northern city of Trujillo. After a week of fighting, the revolt was quelled by the military, which summarily executed hundreds of rebel prisoners. This action earned for Sánchez Cerro and the military the bitter enmity of Haya and his followers, who were blamed when the President was assassinated on April 30, 1933. Mutual recrimination between the Apristas and the military has been the rule ever since.

million inhabitants. He called for agrarian reform to revamp land tenure—0.8 per cent of the land-holders possessed 83 per cent of the arable surface—and to open new regions to colonization. He promised to reevaluate the status of the International Petroleum Company (I.P.C.), a Standard Oil subsidiary long regarded as a foreign intrusion in the Peruvian economy. Because fewer than 50,000 Peruvians paid taxes, he urged sweeping fiscal reform. He initiated *Cooperación Popular*, a program designed to uplift the isolated, poverty-stricken mountain Indians by making technical assistance and funds available for local self-help projects such as well-digging, road-building, school construction and literacy training. His most visionary plan called for constructing a north-south “marginal” highway from the Ecuadorean border to Bolivia to spur the formation of an Andean economic market, link Peru’s mountain villages and promote colonization of the rich lands in the Amazonian watershed of the Andes. *Peru’s Own Conquest*, a book written by Belaúnde, stated that this project would signify “a conquest of Peru by the Peruvians. . . .”²

These developmental aims earned the Peruvian President the praise of hemispheric leaders as an imaginative social reformer. At the April, 1967, Punta del Este conference between President Lyndon Johnson and the Latin American chief executives, Belaúnde won a thunderous ovation from his confreres when he urged Latin America to “Action . . . and action now.”³

Upon returning home, however, Belaúnde found neither the popularity nor the support which he had enjoyed during his first years in office. Tax collections had not increased markedly and a shortage of funds and red tape barnacled the agrarian reform program. Owners of large coastal estates had not been affected—allegedly because they were the financial angels of Belaúnde’s party—and

only a relatively small number of land titles had been distributed. The government’s decision to pay the market price for expropriated properties left few resources for credit, fertilizer and technical assistance.

Supporters of Manuel Odría forged an unholy congressional alliance with Apristas to slash the *Cooperación Popular* budget for road building and otherwise obstruct the President’s legislative program. Detractors maligned the government as “Marxist infiltrated” and “corrupt”—charges partially substantiated when Communists turned up in *Cooperación Popular* and a major scandal struck the Education Ministry.

Meanwhile, deficit spending and a downturn in the pivotal fishmeal industry thrust the Peruvian economy into a recession. This forced devaluation of the *sol* by 40 per cent, after which prices again shot up. Suspension of United States foreign aid—first over the I.P.C. dispute and later because Peru’s military had purchased sophisticated *Mirage* aircraft from France—exacerbated the nation’s economic difficulties. Belaúnde, who appeared indifferent to his country’s plight, at one point stated: “The most glorious pages of our history were written when there was no money at all in Peru.” This prompted some detractors to refer to the President as the “greatest economist since Marie Antoinette.” Only in September, 1968, did he request and receive emergency powers from Congress to issue decrees aimed at bolstering the currency, encouraging investment, reducing the bureaucracy and stabilizing the budget.⁴

As unrest grew, Belaúnde became more and more aloof. Eschewing demagoguery, he refused to dissolve Congress and rule by decree, a move suggested by many. Instead, the architect-turned-politician spent an increasing amount of his time closeted in the Presidential Palace’s “model” room, which contained models and designs of the new Peru which the President hoped to construct. While Belaúnde dreamed, rumors of a planned military coup circulated throughout Lima.

The petroleum issue finally provoked the

² (Detroit: Blaine Ethridge, 1967).

³ *The Washington Post*, October 7, 1968, p. A-1.

⁴ *The New York Times*, September 26, 1968, p. 6. The military’s intervention chilled this stabilization program, which stood a good chance of success.

unmaking of President Belaúnde. After protracted negotiations which lasted over five years, the Belaúnde administration and the International Petroleum Company reached an accord on the company's status. The act of Talara, as the agreement was called, stipulated that I.P.C., the nation's largest taxpayer, would turn over title to the 416,000-acre La Brea y Pariñas oilfield along with the installations located there to the state oil agency, *Empresa Petrolera Fiscal* (E.P.F.). For its part, the government pledged to drop a \$144-million tax claim against the I.P.C. and grant the company a concession under Peru's petroleum laws at La Brea y Pariñas. The I.P.C. could also keep and enlarge its Talara refinery, provided that it promised to buy E.P.F.-produced crude oil supplies at a specified price in Peruvian currency.

This act, concluded on August 12, 1968, appeared to end the oil controversy to the satisfaction of both the government and the I.P.C. However, a month later, Loret de Mola, president of the E.P.F., denounced the agreement and charged the President with *entreguismo*—handing over Peruvian resources to a foreign firm. Mola accused Belaúnde of having concealed a final page of the Act of Talara contract, in which the I.P.C. was allegedly given a favorable currency arrangement for acquiring crude oil supplies from the E.P.F.⁵

At this point events began to move with dizzy speed. Although no proof of the missing page was uncovered, Edgardo Seoane Corrales, Popular Action's Vice President and nominee for the June, 1969, presidential contest, broke sharply with Belaúnde, whom he denounced in television appearances. Pro- and anti-belaundistas battled each other for

possession of the A.P.'s Lima headquarters. This division in the ranks of the governing party appeared to strengthen Aprista chances to win the upcoming presidential election. To forestall this possibility the military, led by General Velasco, seized power. This action came despite the government's effort to curry favor with the armed forces by calling for a 40 per cent increase in their wages in the current budget.

VELASCO AND THE I.P.C.

Once in power, Velasco abrogated Belaúnde's agreement with the International Petroleum Company—called a "sell out" by the military junta—and, on October 9, 1968, nationalized the Talara refinery and other I.P.C. installations.

Several months later, in a speech punctuated by shouts of "Viva Perú" from the audience, Velasco explained that the seizure reasserted national sovereignty over a state resource. He stated that while other oil companies operating in Peru had *concessions*, I.P.C. claimed *ownership* of both surface and subsoil of the La Brea y Pariñas oilfield. This assertion of ownership sprang from the fact that the title to the I.P.C. property could be traced to the Quintana family, to whom Simon Bolívar and the Peruvian Parliament had given the tract in 1826 in recognition of the family's efforts in the struggle for independence from Spain.⁶ The President rejected this claim of ownership and insisted that between 1924 (when International Petroleum acquired La Brea y Pariñas) and October, 1968, the company had illegally earned—and therefore owed the Peruvian government—\$690.5 million. This astronomical figure was based on the 440 million barrels of crude oil and by-products generated during the 44 years of the company's operations.

Velasco attempted to make it clear that the government's action against the Standard Oil subsidiary was "unique," because of I.P.C.'s claim of ownership, and should not be interpreted as a general attack on foreign investment. Velasco's speech came just one month after the International Petroleum Company was presented with a bill for \$14.5

⁵ At present, it is impossible to understand Loret de Mola's action. A technician with apparently few political aspirations, he initially supported the agreement in public speeches. Some have suggested that his about-face came when he was not reappointed E.P.F. president. Others believe that perhaps a "pagina 11," the alleged final page, was shown to Loret de Mola to gain his support during negotiations with I.P.C., but eliminated when the accord was signed. Despite lack of proof, he may, of course, have been telling the truth.

⁶ Val Clear, "Report from Lima," *Fortune*, March, 1969, p. 55.

million, an amount which allegedly represented the value of products delivered to I.P.C. since its refinery and oil producing properties were seized. When the I.P.C. failed to pay—it claimed the valuation was “based on an unrealistically high price structure which would cause the company to operate at a loss”—its assets and bank accounts in Lima were attached as E.P.F. officials assumed management of the company.

Under international law, Peru (as a sovereign state) has the right to expropriate properties within her territory. Because of this, the United States ambassador in Lima has not officially protested the Velasco regime's action. Nonetheless, the Peruvian situation presented the administration of President Richard Nixon with its first crisis in foreign affairs, since the Hickenlooper Amendment to the Foreign Assistance Act and the amended Sugar Act require that foreign aid be withheld from and the sugar quota suspended for any country which fails to compensate United States firms for expropriated property. During the 1969 fiscal year, United States aid to Peru approached \$25 million, while sales of sugar (a key Peruvian export) to the United States totalled \$45 million.

The Hickenlooper Amendment should have taken effect on April 9, 1969, six months after the uncompensated expropriation. Foreign Minister General Edgardo Mercado Jarrín warned that his government would invoke Article 16 of the O.A.S. Charter if the United States applied economic pressure against the

Peruvian regime. This article asserts that: “No State may use or encourage the use of coercive measures of an economic or political character in order to force the sovereign will of another State and obtain from it advantages of any kind.” Realizing the Velasco government's popularity throughout the Hemisphere, Washington decided against imposing sanctions and, instead, sought a negotiated settlement of the I.P.C. affair. President Nixon named as a special emissary Wall Street Attorney John N. Irwin II, who discovered a legal loophole⁷ that has delayed application of the Hickenlooper Amendment. It appears that protracted “Panmunjom” negotiations will take place.

In the meantime, aid to Peru has slowed to a trickle and, with few exceptions, foreign investment is drying up. Still, the I.P.C. takeover has generated a great deal of support for the Velasco regime both at home and abroad.

VELASCO AND FOREIGN RELATIONS

The I.P.C. dispute has revealed Velasco's determination to assert Peru's independence of the United States. Further, his regime has steadfastly claimed sovereignty over 200 miles of coastal waters. The Peruvian Navy has captured and fined a number of United States fishing boats found within this zone, prompting the United States Congress to pass a law (which has never been invoked) whereby the amount of the fines levied against the United States fishermen may be subtracted from Peru's foreign aid. The capture of fishing vessels also led the United States, in accord with the Foreign Military Sales Act, to ban arms sales to Lima. In retaliation, the Peruvians evicted United States military missions and advised New York Governor Nelson Rockefeller that his projected June, 1969, visit to their country would be “inopportune.”⁸

While her relations with the United States have deteriorated, Peru has strengthened her ties with the Soviet bloc. In February, 1969, the Velasco junta established diplomatic relations with the Soviet Union; increased commercial and cultural intercourse is expected.

⁷ Failure to end aid and suspend the sugar quota was justified on April 25, 1969, by Department of State press spokesman Robert J. McCloskey: “The conversations [between Irwin and the Velasco junta] are in addition to the administrative process now going on in Peru. Secretary [William] Rogers in his April 7 statement pointed out that this process and these conversations constitute appropriate steps toward compensation of the International Petroleum Company within the meaning of the Hickenlooper amendment to the Foreign Assistance Act and of the amended Sugar Act.” See, *Department of State Bulletin*, May 12, 1969, p. 400.

⁸ In an effort to seem as flexible as possible, the United States resumed the sale of military goods to Peru on July 3, 1969. In addition, Washington has not withdrawn a destroyer lent to Peru, although the Ship Loan Act apparently requires such action against nations which seize United States vessels in international waters.

Peru has also exchanged ambassadors with Rumania, Yugoslavia, Czechoslovakia, Poland, Hungary and Bulgaria.

VELASCO'S DOMESTIC PROGRAM

Degree Law 17716, the agrarian reform promulgated on June 24, 1969, constitutes the Velasco regime's most dramatic stroke in domestic affairs. The objectives of the law (as stated in the preamble) include raising the standard of living of Peru's disadvantaged, enlarging the national market, and providing the capital necessary to spur industrialization. The aims were also part of Belaúnde's 1964 agrarian reform under which 11,760 rural families received 380,000 hectares (2.4 acres); 40 cooperatives with 8,686 members were created; credits to farmers totaled 391 billion *soles*; and a number of families resettled on virgin lands. However, the Belaúnde reform focused on the feudal *haciendas* of the Sierra, while the recent reform seeks to break the back of the country's richest landholders, beginning with owners of the huge sugar estates along Peru's sandy coast. Velasco unveiled the political objectives underlying the reform when, in a speech introducing the new law, he stated that the government's purpose was to "reach a realignment of Peruvian society and, therefore, to alter the structure of economic, political and social power in our country."

Application of the law will vary according to the region and the degree of cultivation of the land in question. Abandoned and poorly exploited farms will be completely expropriated. Owner-farmed properties ranging from 150 to 200 hectares in size on the coast and from 15 to 55 hectares in the Sierra and Montaña will not be affected. On the other hand, Velasco has vowed to abolish small properties (*minifundia*) and large estates. The former, according to the President, will be consolidated into viable properties, while the latter will be broken up. Large agro-industrial plantations, such as those found along the Pacific coast (where the workers regard themselves as industrial workers rather than peasants) will be transformed into cooperatives. If a factory forms

"an economic unit" with expropriated land, it may also be taken over.

President Velasco has promised "just compensation from the state" to those affected by the law. In accord with a sliding scale, payments will be made both in cash and in 20- to 30-year bonds which, under specified conditions, can be converted into shares of industrial enterprises. Owners of farmer-operated holdings suffering expropriation will be compensated largely in cash, while owners of idle or poorly worked farms will receive the bulk of their payment in bonds. No more than 1 million *soles* (U.S. \$25,000) will be paid in cash for agro-industrial enterprises; the rest will be paid in bonds. Prices of expropriated properties will be based on 1968 tax returns in which the owners evaluated their land.

The ink had barely dried on the degree-law when the government applied the law to the northern departments of La Libertad and Lambayeque and to two provinces in Ancash department. This area embraces almost all of the northern coastal sugar estates, some of Peru's strongest vested interests.

Many were astonished that Velasco initiated his reform with the efficient, coastal plantations. This move can be explained by the regime's determination to break the back of the powerful sugar interests, which pose a potential threat to the government, and by the military's desire to undercut Aprista strength, centered in the well organized sugar workers. Too, Velasco realizes that by beginning with productive units, whose output is unlikely to decline very much, detractors will be hard pressed to criticize him for flagging productivity on expropriated estates. Seizure of highland *haciendas* might well have been accompanied by a short-term fall in production and criticism of the junta.

The government has also advanced a new code regulating water rights. Formerly, land owners could use waters which washed their land as they saw fit. Sometimes dams were constructed or rivers and streams were diverted to irrigate farms, thereby depriving downstream properties of water. The new law explicitly states that:

There is no private property of water nor acquired rights. The justified and rational use of water can only be granted in harmony with the national interest and the development of the country.

The code, Degree Law 17752, reasserts the 200-mile coastal waters limit claimed by Peru.

Steps have also been taken to depoliticize the country's universities and restructure them along the lines of their United States counterparts. An organic law has curbed "co-government," whereby students participated in university decision-making; admission, grading and attendance standards have been tightened; departments have replaced the traditional faculties, long hotbeds of political intrigue in such universities as San Marcos; and priority, in terms of resources and teaching personnel, is now assigned to departments whose graduates will advance economic development.

The great majority of Peruvian students—except for the pro-Peking groups which bitterly oppose the regime and the university Communists who are unabashed admirers of Velasco—have mixed emotions about the military government. They applaud the independent line vis-à-vis the United States, the I.P.C. seizure, the agrarian reform and the generals' no-nonsense handling of vested interests. On the other hand, the students resent their reduced voice in university affairs. At present, the students have been neutralized, although a significant number would like to play a role in the junta's "revolution." That students are divided and off-balance and the universities are open and tranquil testifies to the government's political astuteness.

Velasco has also revamped the state banking system. The state has taken full control of the *Banco Central*, the institution which regulates the size of Peru's money supply. The *Banco de la Nación* has been transformed to enable it to promote state economic activities. The *Banco de Fomento Sectoral* will henceforth provide credits to coopera-

tives and small and medium-size businesses. Finally, the *Consejo Superior de la Banca Estatal* has been charged with the responsibility for establishing priorities in distributing resources throughout the economy.⁹

The Velasco regime is also expected to decree a far-reaching municipal reform aimed at replacing with government appointees the popularly chosen municipal councils, the only elective officials in Peru since Belaúnde's ouster and the closing of Congress. Such a move would eliminate a structure which stands between the government and the people and would provide a means of unseating Lima's Mayor Luis Bedoya Reyes, whom Belaúnde had apparently selected as his successor and who could serve as the focus of an anti-government political movement. The municipal elections scheduled for November, 1969, have been postponed indefinitely.

SOCIAL COMMITMENT

What accounts for the apparent social commitment of the junta members now ruling Peru? Why is their behavior so different from that of most Latin American military officers who reach power?

One factor is the social background of Peru's generals, a majority of whom emerged from the lower and middle classes and who remain unaligned with the country's traditional oligarchy. The 59-year-old Velasco, for example, was born into a poor family in northern Peru and began his military career as an enlisted man. As a youngster, he played near the tall barbed-wire fences of the I.P.C. compound, which he called "an enclave of the rich designed to keep Peruvians out forever."¹⁰ A number of Velasco's colleagues experienced similar situations.

The junta's social commitment also derives from the fact that more than any other Peruvian institution the military has been in close touch with the "other Peru"—the rural areas where poverty, illiteracy, high infant mortality and underemployment demoralize the population. The contact began in the early 1960's as the army sought to eradicate a guerrilla movement through a vigorous civic action program of land clearance and

⁹ *Andean Air Mail & Peruvian Times*, August 1, 1969, p. 1.

¹⁰ *Wall Street Journal*, August 22, 1969, p. 15.

road construction. The experience sensitized many officers to the needs of Peru's disadvantaged population. As General José Graham, an influential member of the regime, expressed it: "We saw unjust land conditions and people living like animals."¹¹

The curriculum of the *Centro de Altos Militares* (C.A.E.M.) has also helped shape the social outlook of the ruling generals. A military school in Lima's Chorillos suburb, C.A.E.M. offers a one-year program for officers who appear headed for the top of the ranks of their respective services. In addition to standard offerings in strategy, battlefield tactics and command procedures, the school provides courses on such socially relevant issues as agrarian reform, developmental economics and Marxist theory. Some instructors are military officers; others range from avowed socialists to conservative industrialists.¹²

Several civilians apparently reinforce the social commitment of Velasco and his colleagues. While military officers hold top government posts, several civilians exert significant influence upon the regime. The most important of these are Augusto Zimmerman, editor of *El Comercio*, and Alberto Ruiz Eldridge, Dean of Lima's Bar Association and the 1962 presidential candidate of the Social Progressive Movement.

REACTION TO VELASCO'S REGIME

Velasco's regime received a mixed reaction during its first 15 months in power. The Belaúnde faction of Popular Action has expressed opposition to the regime and voiced hope that it would provide for a rapid return to democratically elected government. It feels that Luis Bedoya Reyes, Lima's highly opportunistic mayor, would be a suitable presidential candidate when elections are resumed. The anti-Belaúnde faction of popular action, led by Edgardo Seoane, has generally supported the junta's policies. In con-

trast, the Apristas denounced the coup as "a reprehensible attack on constitutionality" and called for resistance to the new regime. The Christian Democrats and the right-wing parties, the *Odristas* and the Democratic Movement of Peru, appear favorably inclined toward Velasco's government, although the official posture of these groups is neutrality.

While Peru's parties have largely abstained from attacking the junta, Lima's press has been less docile. *La Prensa* (owned by the wealthy and powerful former Premier Pedro Beltrán), *Expreso* and *Extra* (published by Belaúnde's treasury minister, Manuel Ulloa), *Correo* (which belongs to fishmeal magnate Luis Banchero), and *Tribuna* (the Aprista daily) have persistently excoriated Velasco and his colleagues. Meanwhile, *La Cronica* (owned by the Prados, one of Peru's "forty families"), and *El Comercio* have thrown their weight behind the junta. Published by the Miró Quesada family, *El Comercio* has battled the I.P.C. for 30 years, and Velasco's move against the Standard Oil subsidiary won immediate support from family patriarch Luis Miró Quesada.

Velasco has permitted freedom of the press—up to a point. That point is the publication of material deemed abusive or divisive of the armed forces. When *Caretas*, Lima's leading popular magazine, published the fact that the military had received a 30 per cent pay increase while wages elsewhere in the economy remained frozen, the issue was seized and the editor temporarily exiled. The government also banned the August 29, 1969, issue of *Visión*, which had an article mentioning factions in the armed forces. Still, Peru's generals have shown greater respect for the printed word than have their counterparts in Argentina and Brazil.

Large business interests and the Church, two traditional supporters of Peru's status quo, have reacted differently to the Velasco government. Although the National Society of Industry has embraced the junta because of the generals' willingness to provide tariff protection for domestic manufacturing, most businessmen have joined the opposition as a

¹¹ *Ibid.*

¹² A thorough discussion of C.A.E.M. appears in Lisa North's *Civil-Military Relations in Argentina, Chile and Peru*, Politics of Modernization Series, No. 2 (Berkeley: Institute of International Studies, University of California, 1966).

result of recent reforms. In contrast, the Church has supported the regime. Early in 1969, Peru's bishops issued a statement which attacked "the social, economic, cultural and political injustice" in Peruvian society, denounced the practices of foreign capitalists, and criticized injustice associated with the concentration of economic and political resources in the hands of imperialists.

In the summer of 1969, Peruvian public opinion shifted from lukewarm acceptance of the government to unabashed enthusiasm. This transition sprang not so much from new reforms or decrees, but from Velasco's astute identification of his regime with the unexpected success of Peru's national soccer team, which won a place in the World Cup playoffs, scheduled to begin in May, 1970, in Mexico City. Following a key match in Buenos Aires—although the game ended in a tie, the Peruvians had amassed enough points in previous contests to enter the playoffs—Velasco dispatched four Air Force jets to escort the Peruvian Airline plane bearing the squad back to Lima, where over 100,000 fans descended upon the Jorge Chávez International Airport to greet the returning heroes. Fifty injuries, \$100,000 in damage to the airport, 48 damaged buses, and 10 tons of confetti testified to the warmth of the welcome.

In an apparently spontaneous act—some claim that it was government-instigated—the team was taken by car caravan to the Presidential Palace for decorations, *abrazos* and speech-making. Insisting that their reception signaled "the rebirth of a new Peru," Velasco told the players: "When you left here it was with a task, a duty, a promise to fulfill. We had confidence that you would succeed. And so you did. . . ." Subtle allusions to his administration's goals of land reform and social justice for which confidence and support were also needed spiced his tribute. Velasco reputedly told an aide following the match with Argentina that the outcome "had the smell of oil and agrarian reform"—a reference to two of his most spectacular moves, for which he hopes to increase support.

The team's success has fanned the embers of nationalism into an intense fire and has

brought prestige to another agent of the nation-state—the President. Hardly charismatic—in public appearances the pudgy chief executive fidgets, speaks in a raspy voice and nervously gulps water—Velasco is no longer considered a dull technician but is regarded as a national figure by a people who resonate to strong personalities.

To achieve the changes specified by the generals—in landholding, business organization, municipal government, university administration, mineral exploitation—will most likely require Herculean sacrifices by the people. This is especially so because Beláunde left Velasco a stagnant economy. Unemployment grips 10 per cent of the work force; construction is paralyzed; tourism has fallen off; and foreign and domestic investors look upon his regime with a jaundiced eye because of the I.P.C. dispute. Through the spring of 1970 at least, devotion to soccer could divert the people's attention from the problems besetting Peru and encourage everyone to pitch in and work for national goals.

More pessimistically viewed, the soccer binge could encourage the regime's paternalistic tendencies and further postpone the day when competent civilians are brought into top government posts. It is difficult to believe that Peru's squad will advance far in the playoffs, for between it and the World Cup stand such soccer giants as Brazil, England, the Soviet Union, Germany and Czechoslovakia. The generals had better have "bread and butter" accomplishments ready to offer the people once the euphoria abates.

Looking toward the future, General Francisco Morales Bermúdez, Minister of Economy and Finance, has called for reduced public expenditures, export promotion, import

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George W. Grayson, Jr., has made five trips to Latin America in the past five years, the latest to Chile and Peru. He is the author of a study of Chilean politics entitled *El Partido Demócrata Cristiano Chileno* (Buenos Aires: Editorial Francisco de Aguirre, 1968) and a number of articles in scholarly journals. He writes frequently for *Current History*.

"When, and if, the military eventually does withdraw from active participation in [Brazil's] politics, its disengagement may only be temporary. . . . Having once labored in vain, the military, in the event that it does reintervene in Brazil's politics, probably will not retire to the barracks for a very long time."

Brazil's Military Regime

BY H. JON ROSENBAUM

Assistant Professor of Political Science, Wellesley College

JUST FOURTEEN SHORT months ago, many informed observers of the Brazilian political scene were confidently predicting a continuation of the mildly repressive stability which had become characteristic of Brazilian politics after the 1964 "revolution." Rivalry within the military between the ultra-nationalistic, radical reform-minded, young hard-line or *linha dura* officers and the more conservative, technocratically-oriented military men was noted by Brazilianists, but the administration of President Artur da Costa e Silva was generally credited with the ability to control dissident military factions. Opposition to military rule by students, liberal Catholics and others was noted, but was usually dismissed as feeble and incapable of greatly altering the political *status quo*. It is clear now, however, that these judgments may have been in error and that the obtainable evidence was deceptive and incomplete.

Recent political events in Brazil, such as the apparently temporary ascendancy of hard-line military elements during late 1968, the physical incapacitation of President Costa e Silva, his replacement by General Garrastazu Médici, and the abduction of United States Ambassador Charles Elbrick, defied

prediction. Most of these events were not forecast, and probably could not have been. The machinations of the various Brazilian military cliques were and continue to be veiled in strict secrecy, preventing the analyst from obtaining precise data. The President's illness was sudden and, most likely, was not even anticipated by his physicians.¹

While prediction is never simple, contemplation of Brazil's future is especially difficult and has become even more hazardous within the past year. The Brazilian news media "voluntarily" imposed censorship on themselves last year after a period of direct government intervention, preventing even the seemingly most innocuous political information from becoming public knowledge. Conflicting claims, often exaggerated, by both the government's enemies and the nation's intelligence agencies have promoted a rash of rumor and speculation and, more important, have contributed to the already arduous task of the scholarly investigator.

Perhaps the greatest impediment to prediction is the uncertainty which permeates contemporary Brazilian politics. Fluidity is the basic characteristic of Brazilian political life. The precise strength and goals of the government and its opposition are indeterminable.

Before conjecturing about Brazil's political prospects, a historical synopsis of recent occurrences may be useful. It is convenient to begin such a commentary with a considera-

¹ Costa e Silva, who is 66 years old, had previously experienced vascular problems and, at the time of his incapacitation, was overweight and not in the habit of exercising physically. Nevertheless, there is no indication that the President's physicians expected an abrupt decline in his health.

tion of an important turning point in Brazilian history, the start of the Brazilian "revolution's" third phase² on Friday, December 13, 1968. On that date the alliance among military officers, civilian technocrats, and moderate and conservative professional politicians, which had governed Brazil since March, 1964, was abruptly terminated.

Harsh repression quickly replaced benevolent semi-authoritarianism, despite President Costa e Silva's earlier pledge to humanize the "revolution." The military reasserted its authority, claiming that the "revolution" was in danger of destruction. Declaring that a revolution within the "revolution" was a necessity for the continuation of political stability and economic development in Brazil, the Costa e Silva government began to construct new political structures designed to institutionalize the "revolution" so that it would endure even after the military's abdication of total political power. The survival and permanence of the "revolution," it was announced, were vital, and its irreversibility had to be guaranteed.

THE MILITARY DICTATORSHIP

Just who was responsible for the initiation of this military dictatorship remains in doubt. A popular Brazilian explanation suggests that hard-line officers, convinced that reform was being obstructed by opportunistic and corrupt professional civilian politicians (including members of the national Congress), compelled President Costa e Silva to adopt measures which he found excessive but which they thought would cleanse Brazilian politics and permit the "revolution" to prosper. Other Brazilians argue that the military's political intervention was provoked by civilian insults and by poor pay. Although perhaps it was only a coincidence, a major incident, considered by many officers to be a

particularly obnoxious affront to their professional dignity, did precede the inauguration of the "period of exception."

In early December, 1968, hard-line leaders, led by General Sizenio Sarmento, had demanded that federal deputy Marcio Moreira Alves be disciplined for offending the military. Moreira Alves, it was charged, had ridiculed the armed forces by exhorting Brazilians to boycott the September 7th Independence Day parade, an annual military display, and by asking Brazilian women to refrain from socializing with men in military uniform. Congressional rejection of the military's request that Moreira Alves's immunity be suspended so that he could be tried for abusing his civil rights was not appreciated by most officers. However, to imply from this episode, as has been common, that the hard-liners coerced President Costa e Silva into declaring a state of siege and suspending Congress may be a mistake. It seems unlikely that the Moreira Alves affair alone could have precipitated the events that followed. Much more persuasive is the contention that the hard-liners acted, not because they were personally aggrieved, but because they perceived Congress' behavior and other anti-military manifestations as an indication that the "revolution" itself was in peril.

An alternative hypothesis, one less often considered, is that President Costa e Silva was either the instigator of the new repressive policies or the willing agent of their hard-line promoters. This conjecture deserves serious consideration since the former President, while usually not identified as a hard-liner, was not an ardent opponent of their policies and values, but a skillful conciliator of conflicting military positions. The President may have concluded that the time had arrived to placate his critics within the military in order to maintain solidarity within the armed forces.

Despite the insinuations and rumors which have concealed the true origin of the "revolution's" third phase, it is not difficult to identify the primary goals of the country's leadership once the initial decision was taken to resort to overt dictatorship. Less easily de-

² The first phase of the Brazilian "revolution" began in March, 1964, after the military removed President João Goulart from office, and ended with the inauguration of President Costa e Silva two years later. Costa e Silva's succession to the presidency marked the start of the "revolution's" second phase. This period is analyzed by Rollie Poppino in the January, 1969, issue of *Current History*, pp. 7ff.

financed are the long-term consequences. The dramatic aspects of the period have been well publicized in the American press, warranting only brief recapitulation here. More important to consider are the subtle implications for Brazil's future.

THE INSTITUTIONAL ACTS

Superficially, at least, the "coup within a coup" appeared to many as no more than an ill-considered and ruthless program imposed upon Brazil by a government wishing to silence its critics. Unexpectedly, the guarantees of liberty contained in Brazil's 1967 Constitution, written during the Castello Branco presidency, were suspended by the promulgation of a series of Institutional and Complimentary Acts. On December 13, 1968, the most noteworthy of these regulations, Institutional Act Number 5, was announced. Federal, state and municipal legislatures were recessed, *habeas corpus* suspended, private property confiscated, hundreds of people arrested and personal political rights revoked. Shortly afterwards, another important law, Institutional Act Number 7, was proclaimed, permitting the President to cancel all elections for the nation's legislatures until such time as he judged their resumption appropriate.

As a result of these new laws, newspaper executives and journalists were arrested and strict censorship was imposed, prompting the Inter-American Press Association to dispatch a protest to the Brazilian government. Some of the country's most respected and responsible newspapermen, like Alberto Dines, the editor of the influential *Jornal do Brasil*, were temporarily detained. Other journalists, for example, Helio Fernandes of the *Tribuna da Imprensa*, had their political rights rescinded and were no longer permitted to publish.

For a few weeks, military censors occupied the offices of the mass media and even prevented foreign correspondents from cabling their stories abroad. This was unusual for a country that had traditionally enjoyed a free, lively and often sensational press. However,

outright censorship was soon replaced by "self-censorship." Press and broadcasting officials agreed to abide by the regime's guidelines and refrained from criticizing the government's acts, reporting political arrests or mentioning dissension within the armed forces.

The academic community was also subjected to exceptionally severe treatment. Students were warned that disorderly manifestations would not be tolerated and that if they participated in anti-government demonstrations they would be treated as "an enemy attacking the fatherland's territory and threatening the nation's basic institutions."⁸ Professors, some with international reputations, like Florestan Fernandes, a sociologist; Isais Raw, a biochemist; and José Leite Lopes, a physicist, were involuntarily retired without explanation. It is notable that many of these purged scholars were ardent supporters of university reform based upon the United States model. This is significant because their removal indicated that the hard-line officers were involved in the direction of the "revolution's" third phase. Before December, 1968, the Costa e Silva government had encouraged university reform while some hard-liners had resisted it, fearing that United States-style reforms were not suitably nationalistic.

Not even government officials escaped the military's efforts at national political purification. Three of the Supreme Court's fifteen justices were summarily dismissed, provoking the President of the Court, Justice Gonçalves de Oliveira, to resign in protest. The dismissal of the three justices clearly demonstrated the regime's thoroughness in its campaign to eliminate undesirable elements from active participation in Brazilian politics. For the first time in the twentieth century, the executive had interfered directly in the affairs of the Supreme Court.

Similar purges took place within the executive and legislative branches of government. Not even members of the official National Renewal party (ARENA) were spared. As a result of the Fifth Institutional Act, 88 federal deputies (61 M.D.B. and 27 ARENA

⁸ "Students in Brazil Get Stern Warning," *The New York Times*, April 4, 1968.

members) and 5 senators (all associated with the opposition M.D.B.) were deprived of their seats. Countless Brazilian bureaucrats were also victimized. Foreign Ministry personnel, usually unaffected by Brazil's turbulent politics, were not spared either, and 44 employees of the ministry, including several professional diplomats, were relieved of their duties.

While some of the civil servants were ousted from their jobs for budgetary reasons, others were ostracized because of their political associations. So complete were the government's efforts to increase the "efficiency and dynamism" of the "revolution" that the Senate's official historian was replaced.

Throughout the period, public reaction was generally apathetic, perhaps because a return to normalcy was promised. However, the government's actions did produce a noticeable increase in hostility among politically active segments of the population, and many members of the moderate middle class expanded their support of disillusioned students and intellectuals. Some individuals who formerly admired the political tranquility established by the regime became resentful because their friends and relatives were subjected to harsh and sometimes brutal treatment. The enemies of the regime were even more embittered than previously and some began to resort to terrorist methods. For instance, during the late winter and spring of 1969, politically inspired bank robberies, calculated to disrupt the economy, to finance further anti-government activities and, eventually, to destroy the political system, occurred almost daily in São Paulo and, to a lesser degree, in Rio de Janeiro. Bombings of government installations and mass communications facilities also became common. The government's response was the application of still sterner punishment.

Other individuals, especially those unaffected by the political restraints, applauded the government for eliminating corruption, reducing prices, making students study and saving money by closing unproductive legislatures. Many businessmen, unconcerned with politics, approved of the administra-

tion's policies because the economy remained healthy and even flourished.

POLITICAL RESTRUCTURING

Since President Costa e Silva's government specified that restrictions on personal freedom and normal political activities were being imposed to permit the revitalization of the "revolution" and to create a "New Democracy," it is necessary to examine not only the repression itself but also the administration's attempts to restructure Brazilian politics. The military accepted the concept that there would have to be a return to civilian rule eventually. Nonetheless, they wanted to be assured that there would not be a repetition of the irresponsible politics which, they concluded, characterized the pre-revolutionary period. Substantial progress had been made in reforming Brazilian economics during the first years of the "revolution" but, according to the government's spokesmen, a consummate political and social revolution was still required. In order to accomplish this, it was argued, political liberties would have to be temporarily ignored. Unfortunately, as in most cases of revolutionary innovation from above, the need to maintain a monopoly of force had its own dynamic. The regime became more and more preoccupied with sustaining control and was unable to devote its full attention to the enactment of the prescribed political reconstruction.

Yet some vital changes were originated, the most important being the reorganization of the country's political parties. The military leaders realized that if they were going to withdraw from politics successfully they would have to create political parties truly representative of the people and capable of maintaining stability. With this goal in mind, the Costa e Silva government began to organize a nationwide party structure from the bottom up, recognizing that the two "temporary" parties developed after the 1964 "revolution" were entirely without national support.

The major legacy of the "state of exception" was to be the development of a dominant political party, based upon the Mexican

model, which would institutionalize the "revolution." As a consequence, the military-dominated regime hoped that political conflict would be controlled. It would be contained and resolved within the "revolutionary" party, thus insuring the continuation of stability. Within this framework, austere party discipline was to be enforced through the use of sanctions; other parties were to be relegated to a permanent minority position. In order to allow this scheme to function properly, the government also decided that those professional politicians who had opposed this arrangement when it was first proposed in 1965 had to be excluded from active political participation. Coexistence with these individuals could no longer be tolerated. A law of ineligibility was drafted.

Although the Costa e Silva government emphasized the need for renovation of Brazil's political parties, the President also endeavored to reconstruct other parts of the nation's political system. Under the auspices of the military, Vice President Pedro Aleixo composed a new constitution to replace the 1967 constitution and to incorporate the reforms decreed by President Costa e Silva and his successors. This document, published in October, 1969, contains provisions for a strong presidency based on the French example. The new constitution permits the President to dismiss Congress, intervene in state and municipal administrations and declare martial law. These powers will most likely reduce the legislature to impotency. Legislators will have few important tasks to perform and will have to content themselves with studying legislation, suggesting amendments and criticizing—within limits—government-introduced legislation.

In addition to adapting Mexican and French political structures to Brazilian exigencies, the government also drew inspiration from the United States judicial system. Under Institutional Act Number 6, the composition of the Brazilian Supreme Court was reduced from a membership of 16 justices to 11, and the number of cases to be heard by the Court was decreased too. Instead of dealing with ordinary appeals as

well as with appeals from military tribunals (as had been the Supreme Court's previous practice), interpretation of the new constitution became the Court's principal function. This innovation was intended to contribute to political stability by compelling the nation's highest bench to exercise a political responsibility it had not formerly enjoyed.

A NEW CRISIS

Before all these changes could be inaugurated and just as the reestablishment of constitutional rule appeared imminent, Brazil was subjected to another institutional crisis. First, President Costa e Silva suffered a cerebral hemorrhage during late August, 1969, which prevented him from exercising his authority. Next, a new wave of terrorism erupted with the dramatic abduction of United States Ambassador Charles Elbrick by a group of urban guerrillas. Seeking to prevent the enemies of the regime from exploiting the uncertainty and confusion produced by the President's incapacitation, the three chiefs of the armed forces, General Lira Tavares, Air Marshal Souza e Mello, and Admiral Rademaker Grunewald immediately seized control of the government. Although the 1967 constitution specified that the Vice President, civilian Pedro Aleixo, was to succeed to the presidency in the advent of presidential disability, the military triumvirate justified their disregard of the constitution by explaining that they were temporarily governing with President Costa e Silva's approval. Assuming the President's power of decree, the three further attempted to legalize their behavior by the enactment of Institutional Act Number 12.

In order to restrain potential terrorists and to inhibit a challenge to their authority from within the armed forces, the three military leaders felt it essential to initiate a new period of repression. Once again, individuals had their political rights annulled and their property confiscated. The death penalty, traditionally utilized legally in Brazil only when the country is at war, was adopted. With the publication of Institutional Act

Number 14, execution and banishment became accepted modes of punishment during times of internal subversion and revolutionary war.

All through September, 1969, the military searched for a durable solution to the dilemma caused by the President's indisposition. A presidential heir acceptable to all military factions and capable of eliciting at least some popular support had to be procured. Finally, in October, the triumvirate selected General Garrastazu Médici to serve as President until March, 1974. Although several hard-line officers, including Generals Sizenio Sarmiento and Albuquerque Lima, had aspired to the presidency, the three military chiefs decided that Médici, long a friend and supporter of President Costa e Silva, would provide the requisite political continuity. Naturally, Costa e Silva's permanent replacement was bound to be viewed with suspicion and so, in order to negate charges of improbity, a French physician, François Lhermitte, was asked to examine the President. Although Lhermitte never pronounced Costa e Silva unfit to resume his duties, the three chiefs declared the presidency vacant, and it became only a matter of time and formality before Médici could assume the presidential powers.* In a further attempt to gain support for their choice, the three officers reconvened Congress which dutifully ratified the military nominee.⁴

A new President was chosen, Congress reopened, and a revised constitution was proclaimed, but a return to complete civilian government should not be expected before 1974, at the earliest. Transition to civilian political control will most likely be a gradual and extended process and probably will not be completed until the entire political structure devised by the military has been instituted and tested. When, and if, the military eventually does withdraw from active participation in the nation's politics, its dis-

engagement may only be temporary. Unenforced political harmony may not endure. It is certainly possible that some Brazilians will be reluctant to accept a return to a dictated "normalcy." Respect for the new political system may be absent. In short, the new institutions and procedures of government will be exposed to the test of legitimacy. It is obvious, however, that if new civilian leadership fails to emerge or is unable to maintain political stability and economic progress, the military will reappear again to exert control over the nation's affairs. Having once labored in vain, the military, in the event that it does reintervene in Brazil's politics, probably will not retire to the barracks for a very long time.

The successful transformation of the Brazilian "revolution" into an authentic revolution and the eventual civilian succession are also contingent on the orderly transmission of command to President Médici and on the new President's performance. Acts of political violence, if they escalate and become chronic, will no doubt result in brutal retaliation and serve further to postpone a return to civilian government. In fact, if terrorism increases and Médici fails to consolidate support for his regime, particularly within the military and among civilian technocrats, the government may be replaced not by a government of civilians, but, instead, by a Peruvian-styled military junta. This outcome, however, is unlikely since Brazil's last experiment with ultranationalistic populism, during the presidency of João Goulart, ended in disaster. Nevertheless, there is always the chance that the military will adopt such a

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H. Jon Rosenbaum was a Shell International Fellow in Brazil during 1966 and 1967. In the summer of 1968 he returned to Brazil, with the assistance of a grant from the American Philosophical Society, as a Visiting Professor at the Getúlio Vargas Foundation. He is author of several articles on Brazilian foreign policy and is now completing a study on the politics of indigenous arms fabrication in Latin America.

* Ed. note: Costa e Silva died on December 17, 1969.

⁴ It should be noted that this article was completed on November 1, 1969. The observations that follow may have been contradicted by subsequent events.

"Political debate in Latin America rarely reaches such emotional levels as the Chilean debate on agrarian reform. Christian Democrats put great emphasis on land distribution but seriously underestimated the difficulties involved. They made their record seem worse by making inflated promises to settle 100,000 families on the land by the end of the President's term."

Christian Democracy in Chile

BY ALAN ANGELL

Royal Institute of International Affairs, London

REFORM IS NO EASY MATTER in any country. But in a country where the economic system has been organized to defend the privileges of the privileged, where the political system is geared to producing compromises rather than solutions, and where the social system displays hierarchy and continuity rather than change and equality, reform may well seem an impossibility. When it is undertaken by a moderate, progressive center party, itself somewhat divided, besieged on the left by the most powerful Communist party in Latin America, a disorganized but doctrinaire revolutionary Socialist party, and a small but irritating extremist and violent Castroist group, and on the right by a strong movement fusing the appeals of capitalism (to the capitalists) and paternalism (to those who need it), the attempt at reform may well seem lunacy as well as impossible.

Part of the problem in assessing the achievements of the Christian Democrats in Chile is that the level of expectation is so very high. Western governments may feel satisfied with a modest rate of economic growth, with not too much internal disorder, and not too many external problems. Though Chilean governments rarely reach

this level, they aim much higher. Political promises run to the levels of "a change of structures," of "massive, rapid and drastic agrarian reform," and, best known of all, of "a revolution in liberty." And all this from a governmental machine designed for an earlier, more leisurely age.

Not only did the Christian Democrats hope for basic changes in the society and the economy, they also wanted to bring about those changes by a method rather unusual in Latin America—participatory democracy. But the notion of constant and meaningful political participation of neighborhood committees, of trade unions, of *centros de madre*, of youth groups and so on at any level of influence remotely comparable to that of the established parties and interest groups showed the Christian Democrats at their most utopian. Planning is a difficult enough activity in Chile; to hope to plan by some sort of mass participation shows a greater familiarity with the world of Christian Democratic texts than with the world of Chilean politics.

It is perhaps no accident that it took a major earthquake to set up Chile's first planning agency (the CORFO or Development Corporation) in 1939. Another earthquake some 20 years later forced the adoption of CORFO's ten-year development plan.¹

Planned economic growth was central to the policy of the Christian Democrats. A very unusual combination of the psychological

¹ Osvaldo Sunkel, "Structural Change, Development Strategies and Planning in Chile (1938-1969)," unpublished paper to the Institute of Development Studies, University of Sussex, July, 1969, p. 2.

shock of the great earthquake of 1938, the economic shock of the great depression of the interwar years, the optimism induced by the victory of the Popular Front movement at the polls, and the temporary seduction to the ranks of the planners of a few conservatives under the influence of the current nationalism—all these factors created the circumstances in which the government could break the century-old tradition of *laissez faire* and initiate active state intervention to plan the economy.² The Christian Democrats hoped that the combination of a growing desire for change, an unprecedentedly large electoral victory for the party, and the new enthusiasm of the United States for social reform in Latin America would similarly lead to a breakthrough in the economic field.

The legacy of the previous era was clear. Agrarian productivity was too low. External dependence was too high, in terms of dependence on the export of copper and the control over the production and marketing of that product by United States companies, and also in terms of dependence on foreign sources for capital goods and investments to keep Chile's largely consumer products industry alive. CORFO had not fulfilled its intended role. Given the shortage of capital, the reluctance of native entrepreneurs to invest the right amounts in the right sectors, the falling rate of industrial growth in the 1950's, and the development of monopolistic structures in industry, CORFO was transformed from "an institution dedicated fundamentally to the study and development of programs intended to create basic new industrial activities, into a financial institution devoted almost exclusively to the medium- and short-term financing of private and mixed enterprises."³

Despite their determination to transform this system, the Christian Democrats, like the earlier Popular Front government, lacked a majority in Congress and thus had to tread carefully. Moreover, the lack of a majority

meant that it was difficult to alter the tax structure in such a way as to make more capital available for investment. The government did create a National Planning Office (ODEPLAN) but once again congressional interference prevented it from assuming enough executive authority to override sectional interests. This meant that the execution of planning decisions remained largely in the hands of autonomous or semi-autonomous government ministries or agencies, which often worked very closely with interest groups in the same area—the building lobby and the ministry of public works and housing, for example.

When President Eduardo Frei Montalva took over in 1964, the bulk of capacity in manufacturing industry was idle. For three years it was possible to expand output without setting off the usual chain of inflation. But with the end of this boom, and the failure to generate substantial new capacity, reductions rather than expansion were necessary. Open warfare was declared among ministries each of which was fighting for the retention of its part of the government program, and this meant the end of any effective centralized planning. Structural transformation of the governmental system remained a hope for the future.

THE CHRISTIAN DEMOCRATS' RECORD

Manipulation of selective statistics is an old Chilean political hobby, and the Christian Democrats are as adept as more obviously unscrupulous regimes even though, overall, they have less to hide. If their record falls a long way short of their promises, this perhaps says more about the unrealistic nature of their promises than about their performance.

The government undoubtedly had a very favorable opportunity in 1964. Coming to power in a slump, it was able to expand the economy rapidly and this, coupled with strict price controls and very high copper prices, produced growth without increasing inflation. Nor did the government have to turn to foreign sources of capital as flagrantly as did the previous Alessandri regime.⁴

² *Ibid.*, p. 5.

³ *Ibid.*, p. 12.

⁴ See Lucio Geller, "La Ayuda Extranjera: el Caso Chileno," *Desarrollo Económico*, January-March, 1967.

However, when the economy returned to more normal levels of activity, and when the planning process was unable to cope with the strain, the inflationary cycle started again. Inflation had fallen to about half its average rate, to 17 per cent in 1966. But the inflation rate is likely to be closer to 40 per cent in 1969; and because food prices, which bear very heavily on the cost of living index, are controlled by the government, the real rise in prices is likely to be even higher. Most important of all is the fact that the government does not seem to have worked out any new policy for dealing with inflation apart from a tough wage policy. This policy is unlikely to work, will hardly generate much new investment, and is not a suitable tactic so near to an election. A plan to create a grand council of the nation representing all sectors of the community, to advise on economic policy, comes rather late. The plan looked more like a gesture than a solution, and immediately ran into trouble in Congress.

There has been considerable redistribution of income towards the poorer sectors, especially in rural areas, and the government claims that, compared with the previous administration, real income for white collar and blue collar workers has risen 54 per cent.⁵ But this rise can quickly be eroded by inflation, and the unemployment level in the Santiago area was up to 7.1 per cent in June, 1969, compared with 5.9 per cent a year earlier.⁶

1968 was not a happy year for the government. A severe drought, the worst in over 100 years, crippled agriculture. The damage is difficult to estimate but figures run into several millions of dollars; even copper production was hit because of the shortage of water for generating electricity and for cooling the copper. By early 1969, in-

dustrial production was only 1 per cent greater than the previous year.⁷ Exports did rise from U.S.\$783 million in 1965 to U.S.\$1042 million in 1968, but imports have also risen sharply to U.S.\$1040 million in 1968,⁸ so that the precarious balance of payments surplus resting on a very high copper price could easily become a deficit. Indeed, the growth rate of the economy for 1968 was only 2.1 per cent, according to the figures of the Economic Commission for Latin America, or 2.5 per cent if the ODEPLAN figure is accepted. Neither represents success if one considers that the population went up by 2.4 per cent that year.⁹ 1969 is likely to have been a better year for growth, but the figure dominating the election campaign will be the rate of inflation.

Bare statistics, however, should not conceal the real concern of the government for the plight of the poorer sectors. In education, for example, there has been a great expansion, and there has also been a massive drive to provide low-cost housing. Well meaning and often well planned reforms of the social security system predictably ran up against the hostility of Congress and of groups disproportionately privileged by the existing social security system. But the government deserves credit for its courage in facing the problem.

AGRARIAN REFORM

Political debate in Latin America rarely reaches such emotional levels as the Chilean debate on land reform. The Christian Democrats put great emphasis on land distribution but seriously underestimated the difficulties involved. They made their record seem worse by making inflated promises to settle 100,000 families on the land by the end of the President's term. The cost of this exercise, the legal difficulties, the hostility of sectors of Congress and the resistance of the landowners were all underestimated by the government. Although by the end of 1968 more than two million hectares of land had been expropriated, a great deal of the land was fairly marginal in quality. Only 404 *asentamientos* (temporary collectives set up

⁵ President Eduardo Frei, *Fifth Annual Message to Congress*, May 21, 1969, Santiago, p. 63.

⁶ Bank of London & South America, *Review*, September, 1969, p. 590.

⁷ *Ibid.*, August, 1969, p. 519.

⁸ Frei, *op. cit.*, pp. 20-21.

⁹ Bank of London, *op. cit.*, September, 1969, p. 558.

for the transitional period to individual ownership) had been established, settling 14,594 families; and land had been directly distributed to another 994 families.¹⁰

Yet the changes brought about by the government in the rural areas are considerable and are reflected more in the spread of unionization and organization. Before the Christian Democrats came to power, unionization was practically impossible in Chile.¹¹ In 1964, there were only 24 rural unions with 1,658 members. By early 1969, there were over 500 unions and 3,500 so-called *comités de fundo* (union organizations at the farm level) uniting more than 190,000 workers. And another 123,000 small landowners had been organized by government agrarian reform agencies.¹² The expanding power of the rural proletariat is shown not only by the increasing wage levels and by growing reports of peasant seizures of estates, but also by the mounting hostility of the landowners to the government.

COPPER

The crucial area of the Chilean economy is copper. Only by expanding revenue from copper can Chile break out of the cycle of economic dependence and into a period of sustained industrial growth. The Chilean government has staked a great deal on this. Another reason for the record balance of payments surplus in 1968, apart from the high price of copper, was the granting of many short-term credits to the copper sector.¹³ The servicing of the external public debt in 1968 alone was U.S.\$223 million; yet Chile still received a net capital inflow in that year of U.S.\$347 million.¹⁴ The capital will have to be put to very good use to be an unmixed blessing.

The original policy of joint ownership with United States companies, called Chileanization, was intended to double production by 1972 and triple the amount of copper refined in Chile.¹⁵ United States companies and the Chilean government were to invest over U.S.\$500 million in the five-year period. In the most important of these agreements, covering the *El Teniente* mine owned by the Kennecott Copper Company, the Chilean government agreed to buy 51 per cent of the shares. But the high price paid for the shares—far more than the book value—seriously damaged the utility of this agreement. It was agreed that the Chilean government would invest U.S.\$110 million in the new company (from a loan from the Export-Import Bank); the Chilean Copper Corporation would invest \$27 million; and Kennecott would invest \$92 million—just \$12 million more than it received from the Chilean state as compensation. Reports that the company was highly satisfied with the agreements seem well founded.

Disturbed by criticism of their plans, influenced perhaps by the Peruvian takeover of the International Petroleum Company's (I.P.C.) oil field and refinery and persuaded that a left-wing gesture would be electorally welcome, the government brought pressure to bear on the huge Anaconda company which originally refused to have anything to do with the Chileanization project. Under threats from the government, the company accepted "*nacionalización pactada*" or "agreed nationalization." The government will take over 51 per cent of the stock of the Chuquibambilla mine and of the El Salvador mine and the Potrerillos refinery, with payment to be made over 12 years starting July 1, 1970. Compensation will be based on book value—an estimated \$197 million with an interest rate of 6 per cent per year (in the *El Teniente* agreement, compensation was based on an agreed value of \$160 million, even though the book value was only \$65 million).

The problem arises with the disposal of the remaining 49 per cent of the stock. This may be taken up by the government after December 31, 1972 (and must be taken up

¹⁰ Frei, *op. cit.*, pp. 365–6.

¹¹ Francisco Walker Linares, "Trade Unionism Among Agricultural Workers in Chile," *International Labour Review*, Vol. LXVIII, No. 6, 1953, pp. 509–523.

¹² Frei, *op. cit.*, pp. 368–370.

¹³ Bank of London, *op. cit.*, p. 558.

¹⁴ *Ibid.*, p. 558.

¹⁵ See the author's "Chile: the Christian Democrats at mid-Term," *The World Today*, October, 1967, pp. 438–9.

within 10 years), whenever 60 per cent of the initial purchase price has been paid. The price for this 49 per cent will be calculated on the annual net average profit from January 1, 1970, to the date of purchase. The government estimates that the price will be between \$216 million and \$288 million; it will also get a preferential dividend on profits from copper sold at more than 40 cents per pound. Government critics point out that by 1970 the world price of copper may well be below this, and they calculate sums much higher than the government for the remaining 49 per cent.¹⁶

This agreement is a vital one for Chile, and indeed for Anaconda, the world's largest copper-producing company, deriving 61 per cent of its production and half its annual earnings from Chile, a total in 1968 of \$99 million.¹⁷ The arithmetic surrounding the deal still depends on a number of uncertain factors, but it is interesting and rather sad for President Frei that the Christian Democratic candidate for the presidency in 1970, Radomiro Tomic, has spoken unfavorably of the agreement and has announced his intention of campaigning on a platform of simple nationalization without the "pactada" element, though what this means in practice is not clear.

THE POLITICAL SITUATION

The political scene is dominated by the campaign for the presidency. The Christian Democratic nominee is Radomiro Tomic, a founder of the party, a former Senator, and the first Christian Democratic Ambassador to the United States. To the left of President Frei, he is certainly more of a demagogue and an authoritarian. Tomic is not happy about campaigning on the record of the government; he once withdrew his candidacy when he felt that the party was not behind him in his overtures to the Marxist left. He accepted the candidacy again, on three conditions: that popular unity should be a

permanent, not just an electoral strategy; that there should be internal party unity with a leadership composed of all tendencies within the party; and that the electoral program should stress social change and reform including the complete nationalization of copper. His political vocabulary leans heavily on a combination of corporatism and radicalism; his political strategy leans on a deal with the other left-wing parties.

TOMIC'S OPPONENT

The strongest opponent of Tomic is likely to be former President Jorge Alessandri. He will campaign on an appeal transcending party, and although he enjoys the complete backing of the right-wing *Partido Nacional*, he is careful not to associate himself too closely with it. He enjoys two advantages—wealth and reputation. At 74 years of age, he is by now rather old for an active politician, but he appeals to the electorate as a kind of paternalist with strains of populism. The image is misleading. He is a businessman and his policies will favor the business sector. In view of the fact that his last administration was disastrous from the economic point of view, his appeal draws on sentiment rather than information.

The Socialist party has not really made up its mind about the usefulness of elections as an instrument of class warfare. Hence its nomination of Salvador Allende was lukewarm. Senator Allende has been defeated three times as a presidential candidate; he is on the right wing of his party, and favors an electoral deal with the Radicals. Not popular on the Central Committee, he does enjoy great rank-and-file support, and it was probably because of this that the Central Committee finally chose him. The committee had indeed offered the nomination first of all to the Castroite Senator Carlos Altamirano, who turned it down on the grounds that elections were a bourgeois illusion (except, presumably, his own as Senator). Then Senator Aniceto Rodríguez, secretary-general of the party, also turned down the nomination on the ground that he was not anxious to be President. Finally, Allende

¹⁶ On the copper agreements see the "Informe Económico," *Ercilla*, Santiago, August, 1969, pp. 21-26 and pp. 75-81.

¹⁷ *International Herald Tribune*, June 28, 1969.

was chosen on the second ballot with 13 votes for him, and 11 abstentions. Several members of the Central Committee did not bother to turn up.¹⁸

The other parties seem to have nominated interim candidates pending the possibilities of alliances. The Radical party has chosen Senator Alberto Baltra, a left-wing economist who hopes for an alliance with the Communists and the Socialists. The party that broke away from the Christian Democrats, the MAPU (the *Movimiento de Acción Popular Unitaria*) has nominated agrarian reform expert Jacques Chonchol. The Communist party has chosen poet Pablo Neruda as its candidate, but the party is obviously torn between a desire to revive the ailing coalition with the Socialists and the greater possibilities of electoral success in some deal with Tomic. There is also the candidature of a left-wing Senator of Arab descent, Rafael Tarud, to complicate the picture; and the Castroite MIR (Movement of the Revolutionary Left) will probably try to sabotage the whole process.

The outcome of the election in September, 1970, is very uncertain, given the wide range of possible alliances that can be made and unmade. The recent congressional elections point to falling Christian Democratic appeal, fast rising Alessandri sentiment, and slowly rising Communist and Socialist gains. But the margins are far from decisive. A recent mutiny of an Army regiment in Santiago and the President's need to declare a state of siege drew attention to Army grievances over pay and conditions. With the examples of Peru and Bolivia still fresh in mind, Chilean politicians are reportedly somewhat uneasy about further military interventions, despite a long established democratic tradition.

The experience of Christian Democracy in power clearly offers many lessons for would-be

reformers. Reform is obviously an exceedingly difficult operation in Chile.¹⁹ The Chilean social structure does not lend itself easily to reform. Those groups that wish to oppose change are strong and well entrenched in the social and economic system, and inside the governmental apparatus itself. Moreover, it is perhaps misleading always to speak of the Christian Democrats as a reformist party; while reform elements certainly predominate numerically and often control the party, President Frei's ministerial choices have given plenty of power and opportunity to those supporters who came from and feel more comfortable with the right wing of the Chilean political spectrum.²⁰

Nor, of course, do the Christian Democrats enjoy a monopoly of reformist sentiment. They won the elections of 1964 and 1965 only because of the support of the right. It is very difficult to weld a reform coalition in a country like Chile; those groups who want reform often tend to want partial reform in their own interests; these interests may clash with those of another group. Christian Democratic treatment of trade unions—at least in the urban sector—has been particularly clumsy and inspired by partisan sentiment. The decline in the popularity of the Christian Democrats in this area has been pronounced. Some white collar bureaucrats have also objected very strongly to the income policy of the government.

In a sense, the foreign policy of the government has been most disappointing. If Chilean Christian Democracy was meant to be the reformist answer to the revolutionary challenge of Cuba, it has been at best only a half answer. At the same time, the attractions of the Cuban model have also somewhat diminished. Frei's government has no special

(Continued on page 113)

¹⁸ Ercilla, September, 1969, p. 9.

¹⁹ This is discussed in more detail in the author's "Chile: the difficulties of democratic reform," *International Journal*, summer, 1969.

²⁰ For example William Thayer, a former Minister of Labor connected with O.R.I.T., or Perce Zujovic, a former Minister of the Interior and a prosperous industrialist.

Alan Angell is a Senior Research Fellow at St. Antony's College, Oxford, and a research specialist in Latin American politics at the Royal Institute of International Affairs, London. His present research is on the Chilean labor movement and its relations with political parties.

"There is evidence that as Argentina and Brazil work out a common policy in the River Plate Basin, cooperate in the defense of the South Atlantic, oppose the nonproliferation treaty, develop common antiguerrilla tactics and share a continental nationalist position, a profound shift will occur in their relationship, with major implications for the United States and the Hemisphere."

Argentina's New Military Government

BY DAVID C. JORDAN

*Chairman, Department of Government and Foreign Affairs,
University of Virginia*

ON JUNE 28, 1966, when the three commanders in chief of the Armed Forces (Army General Pascual Pistarini, Navy Admiral Benigno Varela, and Air Force Brigadier Adolfo Alvarez) forced President Arturo Illia from office, it did not appear likely that the traditional conflicts between the conservative-liberals and nationalist-populists—which split the nation across class and regional lines and paralyzed political and economic decision-making—would be ameliorated. Indeed, the junta's choice for the presidency of the Revolution—which was charged with changing the very basis of the Argentine political system—was former Commander in Chief of the Army, Juan Carlos Onganía, a man identified with the nationalist-populist line.

Among the new government's initial actions were the dissolution of the national Congress, the provincial legislatures and all political parties, the purging of the Supreme Court, and the replacement of all governors in the provinces. The filling of the major posts in the new administration stimulated adverse speculation, since enough new appointees were identified with the old nationalist-populist line to create unease in the liberal sector. In addition, the new government's intervention in the national universities provoked critical foreign comment, although many

Argentines welcomed it as a long-overdue effort to check extreme student and faculty political agitation and to reform sluggish university administrations burdened with excessive student participation.

One of the main objectives of the Onganía government was to promote economic development. It created the National Development Council (CONADE) to coordinate economic planning in both the public and private sectors. The resulting economic performance of the government has been generally successful.

The inflationary trend reached 40 per cent in 1966; the average of the previous decade had been nearly 30 per cent annually. This rate had dropped 8 per cent in 1968 and was down to 4.6 per cent in April, 1969, before the May riots. The gross national product (G.N.P.) rose slightly more than 7 per cent during the first six months of 1969 with construction, manufacturing and commerce up 15 per cent, 8.8 per cent and 12.5 per cent respectively. The most dynamic sector was chemicals, rising 22.9 per cent, while agriculture rose only 1.8 per cent.

The Argentine peso which had been weak for years was recently rated as one of the world's 23 convertible currencies. Gold and foreign exchange holdings rose to over a billion dollars in 1968, four times Argentina's

holdings in 1966. The federal deficit was down from 25 per cent in 1966 to 5 per cent in 1968.

The economy has remained nearly stationary in auto and electric machine production and has dropped in the furnishing of hides, textiles and sugar products. On the whole, however, the nation's economic progress under Onganía has been solid and should improve further if political stability is maintained, an important caveat. It is not clear at the time of writing whether the government's authorization of a roughly 17 per cent wage increase following the May, 1969, riots will initiate a new cycle of inflation. Certainly there is some possibility that Argentina's long stagnant economy may now begin to overheat.

THE REVOLUTIONARY REGIME AND FOREIGN POLICY

There are still continuing sources of friction between Argentina and her neighbors. The potential for rivalry with Brazil over the development of the River Plate Basin is perhaps the most serious. Retired Admiral Isaac F. Rojas in his book, *Intereses Argentinos en la Cuenca del Plata*, has warned that Brazil in her vast development plans for her southeastern regions poses a grave threat to Argentine interests. He has argued that without an effective treaty Brazil's hydroelectric and hydraulic engineering projects will harm navigation in the upper reaches of the Paraná River and access to Argentine river ports. However, the tensions on this issue have lessened with the meeting of the five nations of the River Plate Basin in Brasilia to sign a treaty to set up a subregional group to study navigation on the Paraná, Paraguay and Uruguay rivers, road and rail communication among the countries, electric power development and the fishing industry.

Part of Argentina's continued concern with Brazil was illuminated by Onganía's heated rejection of World Bank President Robert McNamara's announcement that future loans from the bank to developing nations would consider the steps the recipient was taking to curb birth rates. In fact, Onganía favors

an increased birth rate to offset Brazil's growing numerical population advantage over Argentina: Brazil is estimated to have 93 million people in 1970 compared to Argentina's 24 million. Finally, Onganía considers Argentina herself underpopulated anyway.

Another source of friction for Argentina with her neighbors, particularly Chile but also Bolivia and Paraguay, is immigration. The general policy of the government is to seek immigrants from Europe. Much of the migration into Argentina from Latin American neighbors is illegal. Paraguayans go to Formosa and Misiones, Bolivians to Jujuy and Salta, and Chileans to Patagonia. In Patagonia, for example, 40 per cent of the population south of the Colorado River is believed to be Chilean. This figure represents an increase of 400 per cent over 1960 and has disturbed the Argentine government which is worried by frontier disputes with Chile and the Chileans' alleged unwillingness to switch their loyalties to the Argentine.

Perhaps in the long run, a more serious threat to Argentine interests stems from the Andes Pact. Members of the Pact include Colombia, Ecuador, Peru, Chile and Bolivia. It is in the Argentine interest that the Latin American Free Trade Association (LAFTA) should have an increasingly uniform agricultural policy among all its signatories. However, the Andes Pact members, which also belong to LAFTA, have proposed to coordinate their agricultural policy, including a common external tariff, regional planning, and a development corporation to stimulate industrial production. This policy would lead to the exclusion of Argentine agricultural products. It is also believed that Venezuela is poised to join the pact, heralding further difficulties for Argentina and other LAFTA members not in the Andes Pact.

CONTINENTAL NATIONALISM

Argentine relations with the United States appear to be in a period of transition. Under Onganía, Argentina seems to be moving toward a continental nationalist position vis-à-vis the United States, and toward a strategic condominium with Brazil in the South

Atlantic. In contrast to the Western Hemisphere Idea, the continental nationalist position is the thesis supported by the signatory states at the May, 1969, Consensus of Viña del Mar. It is believed that there is a need for Latin American unity, that Latin American and United States objectives are often contradictory, and certainly not always complementary, and that there is a "distinctive" Latin American continental personality which must be fostered. This attitude of continental nationalism was further illustrated at the Inter-American Social and Economic Council (C.I.E.S.) meeting at the Port of Spain in June, 1969. The Brazilian Foreign Minister expressed the mystic sentiment of this nationalism when he said:

We are aware that our unity derives from Latin American characteristics and national physiognomies with strands connecting one country and another that go to make up a continental personality. An awareness of this identity should be the inspiration for our solidarity.

The Consensus of Viña del Mar contained proposals for practical measures under six general headings: trade, transport, financing, social development, technical cooperation, and scientific and technological development. Among the many proposals included under these headings were the need to remove tariff and quota obstacles to products of Latin American origin, to lower freight rates in inter-American trade, to exclude private investment from total foreign aid calculations, to involve greater international technical and financial cooperation for social development, to channel technical cooperation through national coordination agencies and, when feasible, through regional and subregional bodies, and to support measures to transfer more technology to the region.

Part of the reason for the favorable response of the Argentine government to President Richard Nixon's speech to the Inter-American Press Association at the end of October, 1969, was the fact that it responded to many of these proposals. For example, Nixon promised to make "a vigorous effort" to cut tariffs, to support technical assistance and trade expansion, to develop machinery

to consult on trade matters, and to share United States technology. He also pleased the Argentine government with the comment that "we must deal realistically with governments in the inter-American system as they are." Thus Nixon has reduced the fear of military-dominated Latin American governments that he has one standard for them and another for democratic governments. The Rockefeller Mission's report stressing the need to provide further support for the military has strengthened this impression.

President Nixon did not completely accept the growing continental nationalist position: he stressed the continuing distinctiveness of the Western Hemisphere:

... a successfully progressing Western Hemisphere demonstrating in action mutual help and mutual respect, will be an example for the world.

The controversy over the spread of nuclear weapons to Latin America provides the best clue to the possibility of an Argentine-Brazilian strategic condominium in the South Atlantic. In a speech in April, 1969, Onganía supported unconditionally Brazil's opposition to the nonproliferation treaty. Earlier Brazilian President General Artur da Costa e Silva had said:

Without prejudice to a satisfactory coexistence with friendly nations we firmly defend Brazilian interests, including the refusal to sign the nuclear nonproliferation treaty, because we consider it discriminatory and prejudicial to our interests.

Onganía was not only in accord with this view but felt that all countries had the right to invest in nuclear development. He stated that those who would restrict such investments were making "impertinent suggestions," since it was not desirable that Argentina and Brazil be dependent on others in the nuclear field. There is evidence that as Argentina and Brazil work out a common policy in the River Plate Basin, cooperate in the defense of the South Atlantic, oppose the nonproliferation treaty, develop common antiguerrilla tactics and share a continental nationalist position, a profound shift will occur in their relationship with major impli-

cations for the United States and the Hemisphere.

DOMESTIC POLITICS

The 1966 revolution was led by men in the moderate to right wing of Argentina's nationalist-populist sector. After it installed itself under the leadership of General Juan Carlos Onganía, it was faced with the threat of being ejected or taken over by Argentina's conservative-liberal sector, something that had happened in 1930 and in 1955. The harsh crack-down on the universities in July, 1966, when armed police entered traditionally autonomous campuses and beat students and professors, and the disastrous devaluation of the peso led to a pragmatic effort to blend the long-warring sectors instead of to an attempted conservative-liberal takeover. Thus, in late December, 1966, some six months after the June Revolution, one of the most important cabinet reshufflings in recent Argentine history took place. Onganía requested and received the resignations of four cabinet ministers. Most significantly, Adalberto Krieger Vasena replaced Jorge Néstor Salimei in the Ministry of Economy and Labor and Guillermo E. Borda was named Minister of Interior. These two appointments brought together an orthodox economist and a moderate nationalist. This successful combination which started to reconcile Argentine elite groups was not sacrificed until after the bloody riots of May, 1969. Since that time the policies have remained the same although they are handled by different personalities.

The most extreme expression of the nationalist line appeared in Córdoba. The Governor, Carlos J. Caballero, supported strongly the "*Consejos Asesores*," a scheme to provide group representation for professors, unions, industrialists and the like. Other states with such schemes included Tucumán, Salta, Jujuy, La Rioja, Entre Ríos, Chubut and Santa Cruz but because of Córdoba's importance and Caballero's background—he was known to have been sympathetic to Germany in World War II and to have appeared in Córdoba's Parque Sarmiento with black-

shirted and fascist-saluting groups during that period—considerable attention was aroused. The Interior Minister, Guillermo Borda, explicitly differentiated between corporativism and the new "*Consejos Asesores*."

CORPORATIVISM

Guillermo Borda argued that corporativism was based on the idea that the legislative power should be in the hands of representatives of associations of workers: he claimed this system did not work to the benefit of the whole nation and was too closely tied to the idea of the single party—a totalitarian idea which he opposed. Borda maintained that the revolution was trying to do something else, to unify the country along political, economic and social lines to increase cooperative participation. Thus he hoped the "*Consejos*" would work out, since they "must be understood as a live and permanent participation of all citizens in public business."

The degree to which some members of the nationalist right accepted the effort to merge the two formerly hostile nationalist and liberal traditions can be seen in the views of Eduardo Novillo Saravia, Governor Caballero's secretary. He has described the future political system of Argentina as a bipartisan one made up of nationalist-populists and conservative-liberals. He suggested a two-party system similar to the system tried in Brazil between 1964 and 1968, with a Revolutionary party and an Opposition party—he suggested that the name for the latter should be the Democratic Union. In his view, the Peronists could eventually expect to join the Revolutionary party, while the Radicals and Frondizistas could be expected to divide between the two parties. Mario Díaz Colodrero was a key figure, urging Onganía to apply these views to the whole nation.

Part of the success of this reconciliation can be traced to the extraordinary performance of the economy under Krieger Vasena's direction. Among the elites in the two traditions, cooperation seemed to be paying off. The idea of a new two-party system seems to have been what Onganía had in

mind in his speech on March, 1969, when he said that "the Government does not propose to replace the political parties by some other method of charting the course of current opinion" but that "Argentine political parties will have to be very different [from what they were] in their behavior." In the Revolutionary objectives of the government, the first stage was economic, the second social and the third political but the final implementation of this political phase, if indeed it is to eventuate as the nationalists desire, appears to lie some distance in the future.

ONGANÍA AND LABOR

The government has long feared labor as the main obstacle to stabilizing economic and social conditions. Indeed, this is an area of extremist and complex politics. The General Confederation of Labor (C.G.T.) is a principal but by no means an exclusive bastion of the Peronist movement. The C.G.T. is divided not only between Peronists and anti-Peronists but also between Peronists themselves—the so-called "loyal" Peronists and the "Peronists without Perón." For some time, the loyal Peronists were led by José Alonso and the Peronists without Perón by Augusto Vandor. However, these alignments began to change under the impact of the Onganía regime.

It became clear early in Onganía's rule that he intended to unite the C.G.T. so that it might operate as a single bargaining bloc for labor. This effort further divided the Peronist factions. At the national congress of the C.G.T. in October, 1966, an independent Peronist was elected Secretary General with half the seats of the Directive Council going to Vandor's followers, which in effect gave Vandor control of the C.G.T. However, the government fell out with this group temporarily when the C.G.T. leaders called a general strike in February, 1967, which proved ineffective. The C.G.T. continued to defy the government and called another strike for March 1.

The government then ordered the C.G.T. to desist from its "action plan" and cracked down. The legal status of a key railroad

union was cancelled, union funds were blocked, workers who disobeyed were dismissed, and the Civil Defense Law whereby disobeying individuals could be drafted into the armed forces and placed under the military code of justice was invoked. The C.G.T. capitulated and a period of labor peace (*Pax Obrera*) ensued. José Alonso turned to outright cooperation with the government.

The *Pax Obrera* began to crumble in April, 1968. Plagued by indecision and lack of status before government authorities because of the March, 1967, strike, the unions most opposed to the government began to organize formally on March 28, 1968. The secretary general of this group, Raimundo Ongaro of the Peronist Printers' Union, was elected and moved to the forefront of the opposition to the government. As a result, there were two opposing General Confederations of Labor, one cooperating with the government, the C.G.T. of Azopardo, led by Augusto Vandor, and the other opposed, the C.G.T. of Paseo Colón, headed by Raimundo Ongaro.

At first Ongaro was not taken too seriously. In official circles, he was considered a mystic, naively committed to the general strike. Vandor had a better reputation as a hard-headed negotiator for basic worker needs. However, Ongaro began to show his hard line toward the government by supporting the state oil refinery (Y.P.F.) strike in La Plata. Although Y.P.F. workers were struggling to reject the government change in the workday from six to eight hours, Ongaro tried to turn the strike into a general strike on October 17, a long-time Peronist holiday. Apparently he failed, in part because a leading Argentine soccer club (La Plata) defeated a touring British group (Manchester United), and euphoric workers would not allow politics to interfere with celebrations.

The more cooperative labor sector itself was divided into two main groups: participationists (*participacionistas*) and dialogists (*dialoguistas*.) The participationists actively cooperated with the government while the dialogists, led by Vandor, kept in communication with and did not actively oppose the government.

Besides the Y.P.F. strike of October, 1968, other labor troubles arose in the depressed wine industry in Mendoza and San Juan, in the stagnant sugar and cotton industries in Chaco and Tucumán, and in the yerba mate and other tropical industries of the Mesopotamia. Much additional unrest came because the government froze salaries throughout 1968 to check inflation. Typical of the hostile Paseo-Colon C.G.T. faction was the statement issued following a presidential address in April, 1969:

After three years of this government we now know who really controls the country: the monopolies, the oligarchy, the old heads of the governing-class. They are responsible for the erosion of social conquests, for the imprisonment of union and political activists, for the sale of the national heritage, the intervention in the universities and for the oppression and hunger from which the people of Argentina are suffering. This employers' state machine hopes, thanks to some traitors who still are in office, to organize labor for its own ends.

Besides this extremely hostile opposition from a sector of labor, the government has met considerable resistance from student groups. There was significant student unrest over the government's strict controls on the national university system, including the low budget for education and Onganía's intensive Catholic morality. A rising number of rebellious Catholic priests also attacked social injustices. Many rank and file workers too, unbeknownst to their participationist and dialogist leaders, were apparently unconvinced of the need to bow to the government and were attracted to Raimundo Ongaro's vehement rhetoric and appeals for defiance.

THE MAY, 1969, RIOTS

This source of unrest was triggered on May 15, 1969, when students at the university in Corrientes staged a demonstration to protest a rise in cafeteria prices. In the disturbances that followed, a student was shot to death by a policeman; this resulted in a wave of university protests across the nation.

The students were joined by workers and in some cases by shopkeepers as a sign of

solidarity. Ongaro seized the opportunity to call a highly successful general strike which almost set off civil insurrection in the city of Córdoba when police fired on a column of workers marching toward the governor's mansion from the Ika-Renault auto factory. The military response was severe: some 15 people were killed and an estimated 50 were wounded. The city was brought under military law. Four trade union leaders received sentences ranging from three to ten years. But a mob controlled the city of Córdoba for 5 hours from noon to 5 P.M. on May 30.

The government and some of the unions were unprepared for the scope and intensity of the strike. Even leading participationist unions such as the Light and Power Union led by Félix Pérez found most of its workers sympathetic to the strike. Many of its members joined the protests, but electric power was not cut off. Another result of the strike was to catapult Ongaro into the front-running leadership position of the working class, even though he was subsequently arrested and thrown into jail.

Onganía's speech to the nation as the disturbances subsided in June was generally restrained. He said:

... homage has been paid to all those who died in Córdoba and elsewhere, except to those who gave their lives to save the community from terrorism. There have been condemnations of police brutality, but it was not the police who raised the barricades, burnt the shops and terrorized a defenseless population.

And he added that the government would make no changes "under violent pressure."

The whole Cabinet was asked to resign, including Krieger Vasena and Guillermo Antonio Borda. These two were replaced by José María Dagmino Pastore and General Francisco Antonio Imaz, respectively an or-
(Continued on page 116)

David C. Jordan has spent much time in Argentina. With Arthur Whitaker, he co-authored *Nationalism in Contemporary Latin America* (New York: Free Press, 1966); he is also the author of *World Politics in Our Time* (Lexington, Mass.: Heath, 1969).

"Three groups, the slum dwellers, the farmers and the Indians, have not shared significantly in the material advance of the upper half of the Mexican population in the post-World War II years. . . . In addition, the woes of over-rapid urbanization that plague Mexico City . . . also beset virtually every state."

Mexico: Season of Shadows

BY C. HARVEY GARDINER

Research Professor of Latin American History, Southern Illinois University

MEXICO ENTERS THE decade of the 1970's facing the prospect of urban tension, student protest, rural complaint, presidential politicking and uncertain relations with the neighbor to the north.

In the scheme of one-term, six-year presidential administrations, 1970 is one long political season in Mexico, for what that is worth in an essentially one-party setting. The *Partido Revolucionario Institucional* (P.R.I.) has been in power since its inception in 1929. The party is insistent that it alone is the agency of change (a word it equates with revolution) and confidently plans to continue its monopoly of national authority.

Its candidate in the mid-summer election promises to be a 48-year-old middle-of-the-roader, Luis Echeverría Álvarez. Trained in the law, the balding, bespectacled politician has held appointive posts for almost two decades. At present he is Minister of *Gobernación* (Interior), the Cabinet position which, by virtue of its close ties at the state level, readily contributes to the political strength of its incumbent. During the last 40 years, it has been the rare exception when someone other than the Minister of *Gobernación* becomes P.R.I.'s standard-bearer and the nation's next President. Despite the boasting of the Popular Socialist party (P.P.S.) and the Authentic Party of the

Mexican Revolution (P.A.R.M), the only truly national challenge to P.R.I. will come from the National Action party (P.A.N.).

Although a contest between the P.R.I. and the right-of-center P.A.N. assumes the proportions of giant-versus-pygmy, there are straws in Mexico's political winds that add interest to the 1970 race. The surfacing of resentments and discontent is evident in the fact that during 1968 and 1969 P.A.N. has rolled up more than a score of municipal victories, two of which afford that party control of state capitals.

Illustrative of the bitter fighting between the two major parties is the political struggle in the state of Yucatan and its capital, Mérida. As in every other state, the P.R.I. controls the state government there. P.A.N., however, controls the municipal government of Mérida and fills two of the nine seats in the unicameral state legislature. Each party has moved to embarrass the opposition. P.A.N. has charged P.R.I. with political coercion in the collection of municipal fees; and P.R.I. has challenged the ouster of one of its members, allegedly for misconduct, from the Mérida municipal council. Tension heightened when the P.R.I.-dominated state legislature delivered an ultimatum to the city, threatening to dissolve the municipal council and to declare the mayor's office vacant if the ousted council member were not restored to his post. While this political

snarl took its place on the docket of the P.R.I.-dominated judiciary, armed violence provoked the summoning of regular troops.

Although uniqueness attaches to the P.R.I.-P.A.N. battles in Yucatan, they also exhibit some general characteristics that relate to much of the rest of Mexico. Opposition, revolutionary or otherwise, has in times past blossomed most successfully in the hinterland of Mexico, far from the seat of power in Mexico City. In Mexico City in mid-1968, when university students complained of autocratic one-party rule, of heavy-handed police tactics and of a corrupt judicial system, they were attacking the Establishment on terms meaningful throughout Mexico. When student appeals to urban union members and rural laborers evoked no significant response—because, many insist, of the P.R.I.'s tight hold on both the urban unions and the agricultural organizations—it became evident that opposition to the P.R.I. might be mounted more rapidly and more successfully at grass roots levels in municipalities and in states than in the setting of the national capital.

PROBLEMS OF POVERTY

Three groups, the slum dwellers, the farmers and the Indians, have not shared significantly in the material advance of the upper half of the Mexican population in the post-World War II years. Needless to say, the hinterland—the underdeveloped sector—is the home of the farmers and the Indians. In addition, the woes of over-rapid urbanization that plague Mexico City, the prime magnet for mobile Mexicans, also beset virtually every state. From giants like Mexico City and Guadalajara down to the towns of Mérida and Uruapan, urban Mexico is experiencing rates of growth that defeat the orderly expansion of basic municipal services; thus the slums are growing. The difference between the fine facade that Mexico City publicizes to the world and the average prospect for Mexicans at large—be it for social services, schools or employment—is so marked that protest and political activity will increase. Some of those who

oppose the P.R.I., those who insist that Mexico still needs some revolution, will not join P.A.N. However, because it is the only other national party deserving that appellation, P.A.N. may benefit from political dissent.

Meanwhile, certain intra-party activities which concern P.R.I. and its membership also help to spark the emergence of a truly competitive political outlook. When the late Carlos Madrazo, president of the P.R.I. in 1965, briefly introduced the concept of the party primary in Chihuahua and Baja California, he made enemies among conservative leaders of the P.R.I. But he may also have been the precursor of the inevitable, if the P.R.I. desires to accommodate itself to changing times.

The process of candidate selection by the P.R.I. at the state level drew bitter complaint and roundly promoted party dissension when Carlos Hank González was tapped as candidate for the governorship of the state of Mexico. Suspicion and opposition attended the July, 1969, decree which placed a 25 per cent tax on all broadcasting activity because payment of the tax could be made by granting broadcast time to the government. This naturally gave the P.R.I. added opportunity to propagandize the public. When, in May, 1969, a disclosure of fraud in the government-operated National Bank of Ejidal Credit was made, many disgruntled country people interpreted that fraud as another proof that the rural poor were being victimized by the administration of President Gustavo Díaz Ordaz. Perhaps the speed with which the national government moved to remedy the situation indicated the potential seriousness of the political consequences. Indicative of the growth of opposition to the P.R.I. is the changing image of the office of the President, as illustrated by the person of President Díaz Ordaz. In the course of the student demonstrations of 1968, his stance included an insistence upon law and order that appeared to violate elementary concepts of justice. This damaged his father figure. He seemed willing to duck domestic responsibilities by insisting that the student agitation was fos-

tered from abroad. When the protestors labeled the President "assassin," "hated beast," and "criminal," they were probably attacking the cult of personality in Mexican politics as much as they were bedeviling the President himself. When, in the spring of 1969, President Díaz Ordaz paid homage to revolutionary Emiliano Zapata on the fiftieth anniversary of Zapata's government-sponsored assassination, his action led to speculation. Did he honor Zapata because he believed in the right of dissent? Did he honor Zapata because he believed that real agrarian reform—the primary program of the deceased hero—was still to be accomplished? Or did Díaz Ordaz honor Zapata with hollow and stock phrases of the "revolutionary" litany of the P.R.I.? That same spring, the activities of agricultural squatters—60 were arrested in the state of Puebla for invading untilled land owned by a government official and 1,000 attempted to occupy untilled government-owned land at the edge of the Federal District—hinted at rural discontent that was reminiscent of the years of Zapata.

Meanwhile, the quality of living in certain parts of Mexico inspires questions. The eye-irritating atmosphere of Mexico City, caused by the high sulfur content of Mexican petroleum and the bowl-like setting of the Valley of Mexico with its concentration of industry, rivals the air of Los Angeles as a respiratory hazard. In marked contrast to the problems of Mexico City are those of the state of Zacatecas. There the per capita income is only approximately 70 per cent of the national average because of a dying mining industry, semi-desert soil that is unsuitable for agriculture and barely tolerant of ranching, and a shortage of good roads, electricity and water. In wide areas of the states of San Luis Potosí, Guanajuato, Aguascalientes, Querétaro, Hidalgo, Michoacán and Guerrero—all close to the heart of Mexico—the prospects are equally depressing.

Another complaint, related in part to the burgeoning national population (3.5 per cent annually) and the rapid urbanization (a growth rate of between five and six per

cent annually in Mexico City and Guadalajara), derives from the fact that more than 50 per cent of all Mexicans occupy substandard housing. The Mexican public expects its government to mount a bigger and faster battle against poverty.

The Mexican wanting a better standard of living is not impressed by a 7.1 per cent increase in the gross national product during 1968. Nor does the strength of the peso that lent support to both the franc and the pound sterling on occasion in 1968 mean much to the native who cannot get his hands on enough of the pesos. The rich are getting richer, but too many of the poor cannot climb the ladder of social and economic opportunity.

While some observers suggest that Mexico is a leader and model for the rest of Latin America in civic cohesion, economic prosperity and political stability, others raise the haunting question: "How closely does the Mexico of 1970 resemble the Mexico of 1910? Does the inner circle of the P.R.I. resemble the *"científicos"* of three-fourths of a century ago? Have today's business tycoons simply replaced yesterday's *hacendados* of rural Mexico? Is there need once more for revolution in the name of effective suffrage and social justice? Those who ask such questions suggest that the present leaders of Mexico have lost their way.

FOREIGN POLICY

The normal diplomatic relations which Mexico (alone in Latin America) has enjoyed with Cuba in recent years have experienced a series of disturbances. When, on July 26, 1969, an armed Mexican, accompanied by his girl friend, ordered a Mexicana Airlines plane to Cuba, the episode initially appeared to be just another hijacking except, of course, for the fact that it occurred on the anniversary of Cuban Premier Fidel Castro's action of 1953. Cuba flatly refused to extradite the culprits despite a Mexican request for their return. The Mexican penal code, altered in 1968, makes aerial hijacking a criminal offense; and because negotiations with Cuba which would provide for the re-

ciprocal return of hijackers were then under way, the Cuban refusal to return the Mexicans astounded and offended the Mexican authorities.

Beyond the technicality that the hoped-for agreement regarding hijackers was not operative, a political twist clouded the issue. The young hijackers had been participating in politically-oriented campus demonstrations in Mexico City, and Cuba was willing to offer them political asylum. Cuban acceptance of the Mexican critics of Mexican government policy was a reversal of the more common circumstance wherein the Mexican embassy in Havana had served as a place of refuge for anti-Castro Cubans.

A second ripple in Mexican-Cuban relations had overtones of cloak-and-dagger activity. The Cubans charged that a member of the Mexican diplomatic mission in Havana was a spy in the employ of the United States Central Intelligence Agency. To that charge, Cuba added a demand that Mexico surrender Embassy Counsellor Humberto Carrillo for trial by Cuban authorities. Cuba's insistence that she exercise judicial authority over a foreign diplomat, instead of simply terming him *persona non grata* and requiring his withdrawal from Cuba, had no diplomatic basis. Compounding the offense was the Cuban publication of a diplomatic note in Havana prior to its delivery in Mexico City. Many Mexicans concluded that Castro was going out of his way to irritate Mexican authorities. In the United States, some wishful thinkers, still entertaining the idea that an economic blockade and diplomatic ostracism could crush Castro, hailed the Mexican-Cuban friction with short-lived glee. However, no basic change was made in Mexico's relations with Cuba. In foreign relations, Mexico faces political realities and shuns intervention in the internal affairs of other countries.

MEXICAN-U.S. RELATIONS

The economic ties between Mexico and the United States are strong. Countering the \$2 billion of foreign investment in Mexico (75 per cent of which comes from the United

States) is the increasing Mexicanization of expanding industrial development. The trade pattern of 1968 found Mexico buying 63 per cent of her imports from the United States, selling 68.2 per cent of her exports to this country, and rolling up a trade deficit of more than \$546 million. This pattern has led Mexico to try to widen her trade contacts through the world. Naturally, the income from tourist services, a sum sufficient to wipe out the adverse trade balance, is not displeasing to Mexico.

Despite the dedication of the Amistad Dam on the Rio Grande, on September 8, 1969, suspicions rather than friendship permeate Mexican relations with the United States. In the waning weeks of the Lyndon Johnson administration, the United States Department of Agriculture clamped a set of minimum-size specifications on all tomatoes marketed in the United States, at the insistence of Florida growers. This restriction forced United States retail prices up 20 to 30 per cent because it barred 30 to 50 per cent of the Mexican tomatoes.

Formal protests were filed with the State Department by Mexican Ambassador Hugo B. Margain. Blistering denunciations of the United States appeared in the Mexican press. In the states of Sinaloa and Sonora, the regulation forced more than 10,000 farm laborers into the ranks of the unemployed. After all, Mexican tomato production, which had almost quadrupled in little more than a decade, had been encouraged by the United States, by its agricultural experts, government loans and machinery sales. To the Mexicans, the tomato episode was symptomatic of the willingness of the United States to push around its Latin neighbors.

A second area of United States-Mexican friction was the crackdown on marijuana
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C. Harvey Gardiner is the author of *William Hickling Prescott: A Biography* (Austin: University of Texas Press, 1969), and is preparing a book on the Japanese in Latin America. He has edited or co-authored another dozen books.

"In spite of continued nationalism, there is a very real sense in which these countries stand together in their reactions to other countries including the United States, which, intentionally or not, continues to play the role of 'the Colossus of the North.' [These countries] epitomize the dilemmas of contemporary Latin America, which are also those of the entire third world."

Costa Rica and Her Neighbors

BY DWIGHT B. HEATH

Associate Professor of Anthropology, Brown University

CENTRAL AMERICA IS central in name and geographic location only; it seems to have remained on the margin of significant events throughout most of recorded history.¹ Five of the Central American republics (Guatemala, El Salvador, Honduras, Nicaragua and Costa Rica) together comprise about 18,000 square miles, only one-hundredth of the land area of the Americas, but they make up nearly one-fourth of the membership of the Organization of American States.

The face of the land is still changing, with active volcanoes numerous among the mountains that run like a backbone through the center of the isthmus. Lying entirely within the tropics, differences in altitude are so great that each country has a wide range of flora, fauna and climate, together with varying modes of life. The strategic intercontinental location makes Central America a region of considerable interest to scientists. Botanists and zoologists revel in the immense variation they can find within a limited area; archaeologists are studying the region as a meeting-ground of influences from the centers of pre-Columbian high civilization in Mexico to the

north and Peru to the south; ethnographers find a rich variety of cultural systems persisting.

The Spanish conquest proceeded slowly in this area where there was neither great mineral wealth nor substantial concentrations of Indians who could serve as unpaid agricultural workers. The entire area was governed by the *Audiencia* of Guatemala. Each of the present nations was a separate province, however, and the widely dispersed population clusters were more often neglected than exploited. Independence from Spain was neither sought nor actively earned by the people in this region, and during the ensuing century and a half episodic attempts at confederation and other forms of union were frequent but abortive.

Today's Central Americans probably number about 15 million, and they are suffering a population explosion unknown in other areas—Costa Rica may have the highest annual rate of increase in the world, approaching 4.3 per cent. Nevertheless, the population is irregularly distributed within the area. The Caribbean lowlands are everywhere sparsely settled; the central highlands and Pacific lowlands, by contrast, are often densely peopled. The nature of the population also varies. Nearly half of Guatemala's population is Indian, retaining native languages, social organization and many other aspects of

¹ Undoubtedly the best general introduction to the area is Franklin D. Parker's *The Central American Republics* (London: Oxford University Press, 1964). For a brief summary of the post-colonial history, see Mario Rodríguez's *Central America* (Englewood Cliffs: Prentice-Hall, 1965).

culture. Negroes descended from slaves are scattered along the Caribbean coast. The people of Costa Rica, whether appropriately or not, pride themselves on their "pure white" ancestry. Throughout most of the rest of Central America, the majority of the people are *mestizos*, whose physical features and cultures reflect their combined Indian and Spanish ancestry.

Agriculture continues to predominate in the economies of these countries. Despite the fact that less than 10 per cent of the land is under cultivation, more than two-thirds of the labor force are farmers, with the annual per capita income barely exceeding \$200. The economies of the region are essentially geared to supplying foodstuffs and raw materials for industrialized nations, with the former accounting for over 80 per cent of its exports, usually in only one or two crops. For example, nearly 70 per cent of Guatemala's foreign currency income comes from coffee; in El Salvador, nearly 63 per cent comes from coffee; in Costa Rica, nearly 50 per cent from coffee and 30 per cent from bananas; Honduras virtually reverses those percentages.

In such a situation, it is obvious that a minor change in demand, price or production of these crops can strongly affect the national economy. Coupled with large-scale agricultural production for export is the pattern of underproduction of basic foodstuffs. Costa Rica, for example, last year imported both rice and beans, the mainstay of the popular diet, while exporting tons of coffee and bananas. Historically related, speaking the same language, and relatively small both in area and population, the nations of Central America have been moving erratically for nearly two decades toward establishing a meaningful regional economic integration, but progress has not been easy or even cumulative. In order better to understand some of the problems and prospects that face Central America, let us focus briefly on the south-

ernmost country which is less unlike her neighbors than most Costa Ricans would like to believe.

THE WHITE MYTH

Few countries have been as consistently idealized as Costa Rica. In the same way that the rest of Spanish America was long scorned because of the "black myth" of colonial cruelty, Costa Rica basks in the aureole of her own "white myth" of excellence. Most people who have written about the country, foreigners as well as nationals,² repeat a standard litany of superlatives: Costa Rica has the highest literacy rate in Latin America; she has more teachers than soldiers; her population is almost totally Spanish-speaking and proudly "white"; she is a nation of small landholders in which "everyone is middle class."

Like most myths, Costa Rica's has some historical background as well as considerable symbolic importance, but there is danger when a people takes its myth literally. It is true that official statistics have long cited a literacy rate approaching 90 per cent; in 1969, however, the Minister of Education admitted that the statistics were a convenient fiction with two years of schooling the criterion of functional literacy. It is true that Costa Rica has no army, but the national police and other paramilitary forces are highly visible throughout the country. It is true that Caucasoid Spanish-speakers predominate on the central plateau, where population, commerce and administration are concentrated; Negroes predominate in the hot area along the Caribbean coast, however, and some enclaves of Indian-speakers do occur in the southern highlands. To be sure, there are few quasi-feudal estates, but tenant farmers, cowboys, squatters and others who live out of sight and out of mind beyond the central plateau are often abysmally poor.

Costa Rica is also called "the Switzerland of the Americas," less because of her scenic mountains than because of her relatively democratic and peaceful character; few Costa Ricans recognize that her vaunted democracy is only 20 years old, the product of bloody

² One of the few outsiders who penetrated behind the "white myth" was John D. Martz, in his *Central America, The Crisis and the Challenge* (Chapel Hill: University of North Carolina Press, 1959).

revolution. The country is also called the "Land of Eternal Spring," despite the stifling heat that characterizes both coasts, and the long, frequent and heavy rains that fall everywhere for at least half the year.

By pointing out some flaws in Costa Rica's "white myth," I do not at all mean to depreciate the relative openness of Costa Rica's society or the relative honesty and non-vindictiveness of her major politicians, but only to mention important problems in the country that are generally ignored by Costa Ricans as well as by foreigners. The face that Costa Rica holds up to the world is a thin mask. It is an "idyllic democracy" in which the Communist party has been outlawed, and an "open society" in which long-haired North Americans, with their documents in order, have been deported as "hippies" before leaving the airport.

There is a quaint sort of Ruritanian atmosphere in this country, which is so small that the people call themselves "ticos," alluding to the idiomatic local diminutive suffix, "tico." It is not irrelevant that the only architectural landmark in the capital is the National Theatre, a copy-in-miniature of the Paris Opera House. Another example of the cultural mask is the divided toll-highway, replete with billboards and road signs in white on green. A visitor speeding from the airport to San José might well be impressed at the modernity of the country if he did not learn that the main bridge on that highway collapsed before it was completed and that nearly all other roads (including the Pan-American Highway) are bone-shattering and tortuous.

NATIONAL POLITICS

In boasting of their exceptional democracy, Costa Ricans point with pride to the fact that each of the quadrennial elections since 1953 has seen the incumbent party voted out by the opposition. Costa Rica is a nation where two blocs dominate national politics: José Figueres' National Liberation party (P.L.N.), and an opposition coalition alternately dominated by Rafael Angel Calderón's Republican party, Otilio Ulate's National

Union party, or Mario Echandi's Authentic Republican Union party.

The incumbent National Unification party was formed as a coalition for the 1966 elections. The present President is José J. Trejos, an ineffectual professor of mathematics. He won by a tiny margin after having been deliberately named as a noncontroversial compromise candidate. His lacklustre term of office, dominated by an opposition Assembly, has been eventful only in ways over which he had no control (such as the eruption of a volcano, and sporadic fighting between Panamanian national guardsmen and anti-junta guerrillas who sought refuge inside the unmarked southern border).

The strongly personalistic component of partisan politics in Costa Rica is reflected in the fact that each party is clearly identified with an individual (specifically, a former President), and there is little talk of ideology. When discussing political affiliation or sympathies, a voter at any social level is more likely to identify himself as a "*Figuerista*" than as a "*Liberacionista*."

José Figueres (President: 1953–1958) founded the P.L.N. party after the 1948 civil war, and has dominated it ever since. He endeared himself to lower class Costa Ricans by expanding the services of the social security administration—especially outpatient clinics throughout most of the country—and did much to provide running water and electricity even in rural areas, at least on the central plateau where the population is massed. He also renegotiated the country's contract with United Fruit Company, the main source of foreign currency. It was a dramatic gesture for "don Pepe" to stand up to this immense representative of "Yankee imperialism," but he managed to negotiate the nationalization of the company's schools, hospitals, dispensaries and recreational facilities. He also secured their promise to pay customs duties for the first time, and to pay an export tax more than double what they had paid before. Figueres also nationalized the banks, drastically raised income taxes (which are still more avoided than paid), and raised tariffs, ostensibly to promote local industrial

development. With no skilled labor force and few mineral deposits, however, industrial development has been slow and inflation continues at a rapid pace.

Figueres has long been hailed in the United States as an articulate spokesman for democracy in Latin America. He does speak English well and has a good sense of humor, but the record of his achievements as a self-styled economist is far from impressive. While calling for more private investment by nationals and foreigners alike, he created several autonomous state organizations (the National Institutes of Tourism, of Housing and Urbanization, of Insurance, and others) to develop the economy and to promote public welfare. There are many who view these organizations, however, as massive monuments to thinly disguised unemployment, providing unproductive jobs for the party faithful.

The campaign for presidential elections in February, 1970, began nearly a year earlier, but political fighting between the parties will probably never be so intense as fighting within each party.³ Even the tight-knit P.L.N. was briefly shaken in 1968 when Figueres' younger copartisans, Daniel Oduber and Rodrigo Carazo, began quietly to solicit support among the rank-and-file, complaining that as a 63-year-old veteran of the revolution, Figueres had denied meaningful political participation to a whole generation of his followers. When "don Pepe" threatened to resurrect the defunct Social Democratic party and to run under its banner if the P.L.N. did not choose him as candidate, he won comfortably.

Figueres has also weathered other kinds of internal dissension. The Liberationist Youth, in its own ideological congress, resolved that "... We aspire to have Socialism as an organizing economic and social system ... without renouncing the use of violence if it be necessary. . . ." but Figueres promptly and vigorously rejected that proposition. Another group of intellectuals, headed by liberal priest Benjamín Núñez, drafted the "manifesto of

Patio de Agua," named for Núñez' home where the group met regularly for more than a year. The document is vaguely socialistic, but produced a brief furor because the leading and ultra-conservative newspaper tried to discredit the P.L.N. as Communist on the basis of it.

For his own part, Figueres is an outspoken oligarch on his home ground, despite his international reputation as a liberal.

After considerable jockeying within and among the parties, Mario Echandi (President: 1958-1962) has emerged as a candidate supported by the incumbent coalition in its noisy campaign against Figueres, but neither side offers any promise of real change in social, economic or other policies. Virgilio Calvo resigned the second vice-presidency to run against them, but his newly formed Third Front has gained little support. Leftist Manuel Mora continues to play semantics rather than politics; when the Communist party was outlawed, he renamed it Popular Vanguard, and when that group was discredited in 1968, it was succeeded by the Bloc of Workers, Peasants and Intellectuals.

ECONOMIC DIFFICULTIES

The country has long been living far beyond its means. The programs of socialized medicine and widespread schooling (with more than half of the annual budget earmarked for education) have contributed to repeated annual deficits, mounting to the highest national debt in Central America. Half of all national employees are teachers and 25 per cent of the population is going to school. Social security benefits are so liberal that a teacher, after serving one year, can receive full pay while pregnant and until her baby is three months old.

It is not surprising that the nation is in a chronic state of fiscal crisis. At various times in the course of 1968 and 1969, government employees went unpaid for a week or more; there was no food in the prisons; and special bond issues were issued, with high interest rates that compounded the nation's indebtedness. With more than half of the country's population under 16 years of age,

³ A brief but valuable assessment of "prospects for the 1970 Costa Rican presidential election" is offered by Theodore S. Creedman in *South-Eastern Latin Americanist* (12, 4:1-3, 1969).

and with the highest birth rate in the world, such social welfare programs will undoubtedly become even more unmanageable as demands increase.

THE "SOCCER WAR": EL SALVADOR AND HONDURAS

In a way, it is symptomatic of the minor international prestige of the Central American nations that a violent international conflict was virtually dismissed by the world's press as a comic-opera fight over who won a series of soccer games in a couple of "banana republics." Probably few observers outside the combatant countries recalled that, two years earlier, there had been a confrontation of troops along the disputed border between El Salvador and Honduras. At that time there was no fighting, and an international boundary commission was named to delineate the frontier.

At one level, it is easy—and not inaccurate—to attribute the conflict in large part to demographic factors. Honduras has nearly five times the land area of El Salvador, but only about half the population. El Salvador, with very little land for her large population, retains a quasi-feudal social and economic system, whereby most productive land is in the hands of a few wealthy *hacendados*, and mounting pressures for agrarian reform have not yet been satisfied. Over the past decade, emigration of 300,000 Salvadorans to Honduras has provided some small relief from population pressure in the former country, but seemed threatening in the latter, where the immigrants eventually constituted more than 10 per cent of the population. Not only were the numbers and proportion high, but Salvadorans were exceptionally successful economically, both in agriculture and in commerce. They often outstripped local *campesinos* and thereby earned the resentment of Hondurans.

Along a border that had long been disputed, saber rattling by the news media and the Presidents in both countries did little to cool the potential danger. It is altogether possible that the summit meeting of Central American Presidents held in San Salvador in

June, 1968, was convened in part to put the damper on belligerent sentiments that had flared between the two countries at that time. The day before that meeting, El Salvador traded a kidnapped Honduran landlord for a company of Salvadoran soldiers who had been captured in Honduras. President Lyndon Johnson's pledge of \$65 million in loans for economic development, and his brief visit to each of the Central American capitals, provided a brief euphoria and apparent unity on both sides.

A year later, however, conditions had worsened on both sides. General Oswaldo López, President of Honduras, had been charged with fraud in the first elections since a new constitution was enacted in 1965, while Colonel Fidel Sánchez, President of El Salvador, was being pressured to enact land reform. Honduran chauvinism reached a peak when the Congress enacted a bill to expropriate any business owned by a foreigner and valued at less than \$40,000, but López vetoed it.

In June, 1969, the traditionally rival countries were pitted against each other as finalists in the regional elimination games to determine which would represent Central America in competition for the World Soccer Cup. Feelings ran so high that fist fights, vandalism and other sporadic interpersonal violence followed the first two games. Diplomatic relations broke down on June 26, and the final game was moved to "neutral ground" in Mexico. When they lost the series, Hondurans expressed their disappointment by roughing up Salvadoran immigrants. President Sánchez deplored "violations of human rights," and cried "genocide," quickly dispatching Salvadoran troops that easily captured several Honduran towns in the area from Nuevo Ocotapeque south to Choluteca.

The Organization of American States convened quickly, and sent a mediation team with representatives from the three other American republics to the area on July 5. All combat, both by ground troops and by bombing, was to have stopped when a cease-fire was agreed upon July 16, but off-again-on-again fighting did not really come to an

end until July 28. A few days later, the Salvadoran troops began to withdraw under the supervision of an O.A.S. commission, including officers and diplomats from the Dominican Republic and the other Central American nations. Relief operations were under way even while the foreign ministers first convened in Washington. The O.A.S. has also committed itself to a long-term program of rehabilitation with an emphasis on demographic studies, the formulation of policies on migration, and other programs to stimulate regional economic development. But it will take more than massive international aid to heal the obvious ravages of war; and smoldering resentments hold the threat of renewed violence.

GUATEMALA

Sporadic violence has long been a feature of political action in Guatemala. The Rebel Armed Forces claim that they want only land reform and social justice, but they have been repudiated by the incumbent regime as Castroite Communists. Unlike the diffuse *violencia* that has plagued Colombia for over a decade, however, Guatemala's guerrilla fighting seems to have been focused, and few innocent bystanders suffered until August, 1968, when the United States Ambassador, John G. Mein, was shot, presumably because he bolted rather than let himself be kidnapped in the center of the capital. The country was put under a state of siege, but there was no insurrection.

On the contrary, fighting has markedly lessened since then, especially after the assassination of Mario López, leader of the anti-Communist National Liberation Movement in June, 1969. This is not to say that there is little political action. Because the incumbent President, Julio Méndez, may not succeed himself, there has been plenty of jockeying in preparation for the February, 1970, elections. Mario Fuentes, finance minister in the present administration, is a liberal lawyer with considerable support from labor, and will run on the ticket of Méndez' Revolutionary party. His most powerful rival is Colonel Carlos Araña, a conservative mili-

tary man who heads the National Liberation Movement under the slogan "security, order, and work." This is the first campaign in which the Christian Democratic party is running a presidential candidate (Jorge Lucas), although it has previously won seats in Congress.

NICARAGUA

In Nicaragua, sporadic fighting also occurs and the press (owned by President Anastasio Somoza, Jr.) is quick to discredit the rebels as "Castroite Communist agitators." The guerrillas call themselves the Sandinista Front for National Liberation, and claim only to want to "free the country from Somoza's tyranny." They finance their activities by kidnapping wealthy landholders for ample ransoms; it is not clear how powerful or even how popular the rebels are, but their very survival in martial "Somoza-land" is noteworthy.

REGIONAL PROBLEMS

Natural disasters, as well as political unrest, have taken a toll throughout the isthmus in recent years. The volcano Arenal, thought to have been extinct for centuries, erupted late in July, 1968, killing several people and desolating a broad area of natural pastureland where many of Costa Rica's cattle had been raised. A few months later, Cerro Negro erupted in Nicaragua, but did little lasting damage.

The closing of one nation's boundaries to products from another Central American country is not infrequent; duplication of new industry continues despite rules against it; and the common currency, uniform fiscal policy, central bank, and uniform customs duties that were prescribed for the entire region will not soon be realized. This is not to belittle the real and significant industrial growth that has taken place: Guatemala produces tires; El Salvador has a large textile industry; Nicaragua produces meat and light manufactured goods; Costa Rica ships clothing to the other countries. Nevertheless transportation remains expensive; raw materials are scarce or imported; capital and

technical skills are more readily available from without than within; and labor remains the most abundant factor of production. Just as in the field of economics, other kinds of regional efforts have enjoyed uneven success.

The Central American Common Market began functioning in 1961 and, despite foot-dragging and episodic disagreements, there has been a considerable increase in trade among the member nations. Customs duties and other barriers to international trade have lessened; a secretariat has been set up in Guatemala City, and a bank has been established in Tegucigalpa, Honduras, to serve as a clearing house for trade accounts. The Organization of Central American States (ODECA), with its seat in San Salvador, is a sort of figurehead political arm, a virtually impotent symbol of regional unity in the face of continued disunity.

The United States Regional Office for Central America and Panama has focused on technical aid (especially for primary education), and the Superior University Council of Central America is an incipient consortium of the national universities.

In short, Central America is in a situation very like that of Alice in Wonderland, to whom the Queen observed: "It takes all the running you can do to keep in the same place. If you want to get somewhere else, you must run at least twice as fast as that!"

UNITED STATES-CENTRAL AMERICAN RELATIONS

The United States has played an active role in Central American affairs at various levels throughout the years, although it has rarely been so obtrusive as in the War of the Filibusters a century ago, or in its sponsorship of the Guatemalan counterrevolution of 1954.

Apparently realizing the misgivings of Latin Americans concerning a Republican (and, in their eyes, conservative) administration, President Richard Nixon shrewdly raised their hopes by meeting with the O.A.S. Secretary General as one of his first official moves. Unfortunately, this first gesture to-

ward bettering hemispheric relations may have been his last. He ignored the fact that top-level representatives of the Latin American nations had assembled on their own initiative in order to work out a consensus concerning their aspirations in terms of inter-American economic and other relations. Instead, he named New York's Governor Nelson Rockefeller (who is generally viewed as a personification of "Yankee imperialism," whether appropriately or not) to visit each country in the area and "listen to" our Latin neighbors. The whirlwind tour of Rockefeller and his advisers was not explicitly disinvited by any Central American nation (as was repeatedly the case in South America), but it met with visible resentment, and a student killed in the Honduran demonstration soon became a martyr throughout the region.

If the crowds in the street were angry, local politicians were bewildered and United States representatives were frustrated by the Rockefeller Mission. In an effort to communicate "in total frankness" with Latins, the mission deliberately bypassed Embassy personnel and other knowledgeable North Americans. Unfortunately, the Latins interpreted this as proof that the resident United States personnel were "out of favor" with Washington.

President Richard Nixon's delayed and contradictory statements about releasing Rockefeller's report aggravated annoyance over his postponement of a policy statement. Although 21 nations had promulgated the Consensus of Viña del Mar, a rare show of unity, in May, 1969, Nixon ignored it, and critical international conferences were postponed in anticipation of his statement.

(Continued on page 113)

Dwight B. Heath has just returned from a year's study in Central America as a Fulbright-Hays Fellow. His most recent books are *Contemporary Cultures and Societies of Latin America*, with Richard N. Adams (New York: Random House, 1965) and *Land Reform and Social Revolution in Bolivia*, with Charles J. Erasmus and Hans C. Buechler (New York: Praeger, 1969).

After describing the various alternative routes for a new trans-Isthmian canal, this noted geographer concludes: "In the final analysis, one can only hope that—despite a history of political upheaval and change—the new sea-level canal will enhance the political and economic stability of the country which will become its host."

Which Route for the Isthmian Canal?

BY ANTHONY S. REYNER
Professor of Geography, Howard University

RECENT TRAFFIC STUDIES and shipbuilding trends show that the Panama Canal will reach the limit of its capacity by 1985, if not earlier. In 1967, a record of 13,385 ships passed through its locks, and the average transit time increased from 8 to more than 14 hours.¹

A ship which goes through the canal from the Atlantic to the Pacific enters the channel from Limón Bay at Cristóbal Breakwater. The sea-level section of the canal on the Atlantic side is 6.5 miles long. This section of the channel is 500 feet wide and runs through a mangrove swamp which is only a few feet above sea level in most places. The ship is raised or lowered 85 feet in a continuous flight of three steps at Gatún Locks.

Gatún Lake, through which the ship travels for 23.5 miles to the north end of Gaillard Cut, is one of the largest artificial bodies of water in the world. It covers an area of 163.38 square miles and was formed by an earth dam across the Chagres River adjacent to Gatún Locks. The two wings of the dam and the spillway have an aggregate length of about 1.5 miles. The dam is nearly a half mile wide at the base, sloping to a

width of 100 feet at the crest, which is 105 feet above sea level, or 20 feet above the normal level of Gatún Lake.

During the construction period, Gaillard Cut was known as Culebra Cut. This section of the channel is eight miles long through solid rock for most of the distance. The ship enters the Cut where the Chagres River flows into the canal channel at Gamboa. More than any other section of the canal, Gaillard Cut gives the impression of an enormous man-made ditch.

The transiting ship enters Pedro Miguel Locks at the south end of Gaillard Cut. Here it is lowered 31 feet in one step to Miraflores Lake, a small artificial body of water a mile wide, which separates the two sets of Pacific locks.

The Pacific-bound ship is lowered the remaining two steps to sea level at Miraflores Locks, which are slightly over a mile in length. The lock gates at Miraflores are the highest of any in the system because of the extreme tidal variation in the Pacific Ocean. They are 82 feet high and each gate leaf weighs 730 tons.

The sea-level section of the canal on the Pacific side is eight miles long. The Balboa inner harbor and pier area are only three miles from the Miraflores Locks. The Pacific section of the canal, however, is 33.5 miles south, 27 miles east and 50 miles away from the Caribbean entrance.

¹ Cf., Panama Canal Company, *The Panama Canal: Funnel for World Commerce*, 1968 Revision (Washington, D. C.: Government Printing Office, 1969), p. 2. Panama Canal Company, *Annual Report, Fiscal Year Ended June 30, 1967* (Balboa Heights, C. Z.: Canal Zone Government, 1968), p. 7.

The dredged channel continues past the small group of islands, known as the Fortified Islands, which are joined to the mainland by a long causeway built from rock excavated from Gaillard Cut. On the opposite side of the channel is a large anchorage basin for ships awaiting transit.

For over three decades the size of the Panama Canal locks has been an inhibiting factor in ship design.² At present, more than 300 vessels, both commercial and naval, are far too large to pass through these locks. For example, the Japanese supertanker *Idemitsu Maru*, with a deadweight of 206,000 long tons, is 122 feet longer and 53 feet wider. The flight deck of the *U.S.S. Constellation*, one of the 25 carriers which cannot pass, is more than twice the width of the Panama locks.³ At least 500 other ships cannot transit with full cargoes. In addition, vessels are often forced to delay passage for two or three costly days because of the congestion.

With even larger ships under construction or on order, the United States has taken the position that only a sea-level waterway through the American Isthmus can meet adequately the future needs of interoceanic commerce and hemispheric defense. As a result, many complex questions immediately arise: Where, how and by whom should a new canal be built? How should it be controlled and operated?⁴

When the Panama Canal opened on August 15, 1914, to traffic by vessels of all nations on equal terms, its six sets of locks were spacious enough for any ship afloat or expected to be built. By 1939, however, the size of several commercial and naval vessels began to outstrip the size of these huge locks. World War II halted construction on enlarged canal facilities which were to accommodate all vessels afloat or under design—

except the giant Cunard *Queens—Elizabeth and Mary*. Although sections of the canal were deepened and widened later, the tremendous increase in the volume of postwar shipping continued to overtax the passageway, and seriously hampered efficient movement of traffic. In addition, development of the atomic bomb made the Panama locks even more vulnerable.

In view of these difficulties, in 1947 the United States studied 30 potential alternate routes for an Isthmian canal from Tehuantepec in Mexico to northwestern Colombia. Each offered some natural advantages, such as large lakes, navigable rivers, deeply indented coastlines or narrow land between the oceans. Eight of these routes were examined as potential sites for a sea-level canal. At that time, conversion of the Panama Canal to a sea-level type was recommended as most effective and economical.

The cost of structures to regulate the Pacific tides was not included in the \$2.3 billion estimate. The geographical alignment of the Isthmus is such that a great variation in tides occurs. The Pacific side has two highs and two lows every day of the year. They rise and fall an average of 12.5 feet, and have an extreme variation of 22.7 feet. In contrast, the irregular Atlantic tides have an average range of one foot and an extreme variation of only 3.05 feet. Due to differences in prevailing winds, barometric pressure, ocean circulation, salinity and other factors not yet fully explained, the average level of the Pacific Ocean at Panama is nine inches higher than the corresponding level of the Atlantic Ocean.

This statement in no way implies that the average level of the entire Pacific Ocean is any higher than that of the Atlantic. It is a proven fact, however, that average sea level at any given point does vary not only with barometric pressure, but also seasonally. As a result of summer expansion and winter contraction, sea level is higher in the fall than in the spring.

In a sea-level canal, 60 or more feet deep, 600 feet wide and 50 miles long, the difference in the rise and fall of the tide on the

² Each is 1,000 feet long, 110 feet wide and 41.5 feet deep over the sills.

³ Atlantic-Pacific Interoceanic Canal Study Commission, *Third Annual Report* July 31, 1967 (Washington, D. C.: Government Printing Office, 1967), p. 2.

⁴ Immanuel J. Klette, *From Atlantic to Pacific* (New York: Harper & Row, 1967), vii.

two sides of the Isthmus would be important. These tidal differences would generate an estimated five-mile per hour current. Turning with the tides, though probably not abruptly, this current would affect small boats and slow down Pacific-bound ships irrespective of size. It would crash disabled or towed craft into the sides of the canal. Should banks be left earthen, the current undoubtedly would erode them. Paving the sides, on the other hand, would increase the cost of canal construction enormously. In any event, these potential problems would necessitate some tide-regulating mechanism at the Pacific entrance to any sea-level canal.

During the 1950's, the number of potentially suitable alternatives decreased to 19. By 1960, completion of further improvements on the existing canal was recommended and plans for its conversion to sea level were updated. The choice of alternate routes—to be constructed by nuclear means, if possible—narrowed to five.

High costs ruled out construction of a 125-mile canal through the Isthmus of Tehuantepec.⁵ Belief that shocks resulting from atomic blasts would destroy every building in both Panama City and Colón eliminated the 37-mile San Blas route located about 50 miles east of the present canal.⁶

Because of its relative closeness to the United States and somewhat better climate than Panama, a seaway through sparsely populated southern Nicaragua and northern Costa Rica has long been favored. This

⁵ \$13 billion by conventional means or \$2.3 billion by nuclear devices.

⁶ Cost of that construction by atomic devices was estimated at \$620 million, about 10 per cent of the cost using chemical explosives.

⁷ It could be excavated by a combination of nuclear and conventional means at an estimated cost of \$4.1 billion, or \$1.9 billion if nuclear means alone could be used.

⁸ Protocol of an agreement for the construction of an interoceanic canal by way of Lake Nicaragua. Signed at Washington, D.C., December 1, 1900; entered into force December 1, 1900.

Convention respecting a Nicaraguan canal route. Signed at Washington, August 5, 1914; entered into force June 22, 1916. Also Lt. Col. H. R. Haar, "The Nicaragua Canal Story," *The Military Engineer*, May/April, 1964.

⁹ Public Law 88-609, 88th Congress, S.2701 (September 22, 1964).

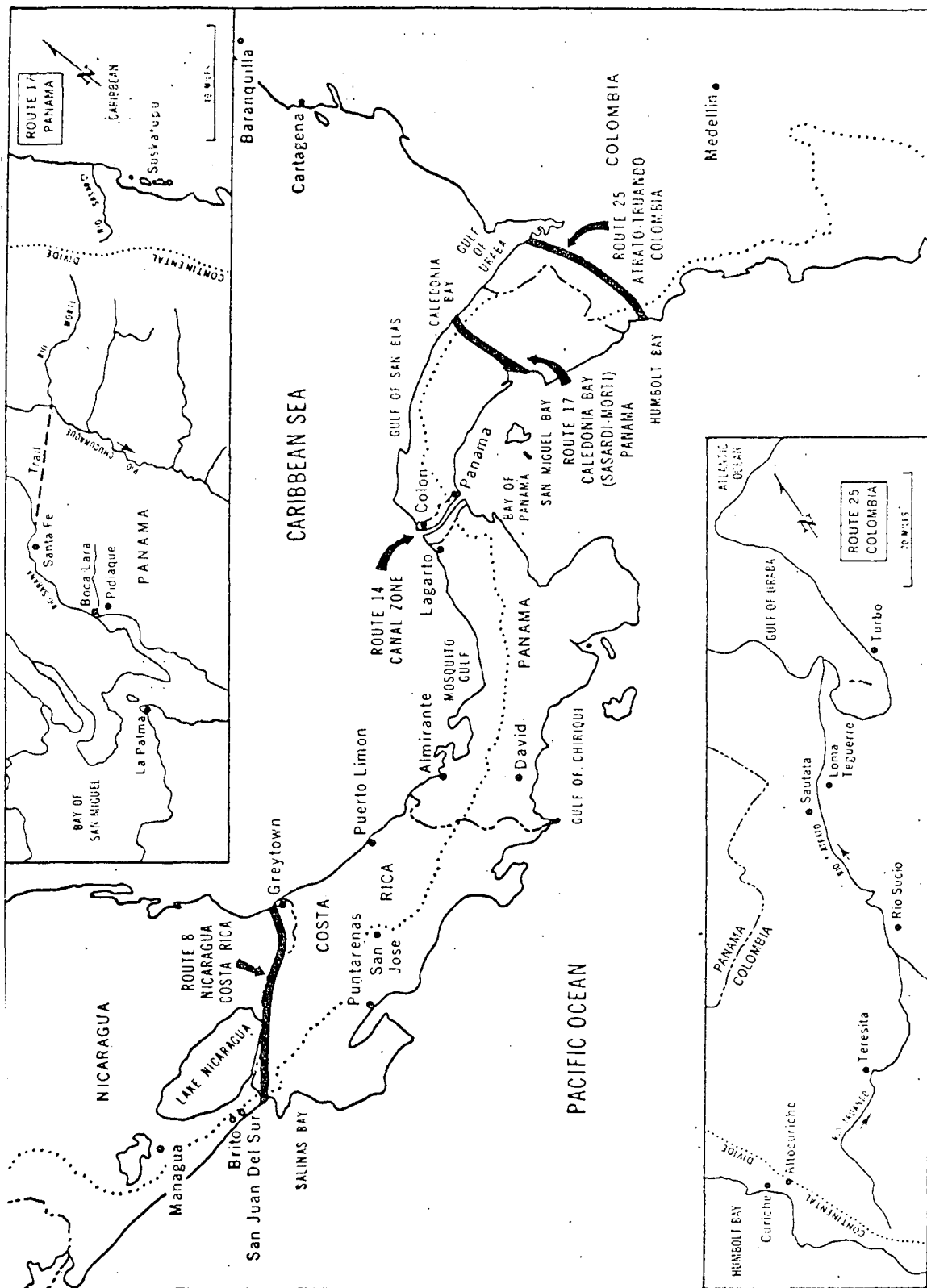
¹⁰ *Op. cit.*, sub. 3, p. 5.

route would ascend the Río San Juan del Norte from Greytown on the Caribbean to Lake Nicaragua, 105.5 feet above sea level. Only a short canal through the narrow and relatively low (760 feet) Isthmus of Rivas would then be needed to connect Lake Nicaragua with the Bay of Salinas on the Pacific.⁷ (This is Route 8 on the accompanying map, which shows the four routes under serious consideration.)

Although recent relations between Nicaragua and Costa Rica have been good, and United States relations with both countries have been excellent, neither Latin republic seems particularly anxious to have a United States canal traverse its territory. Costa Rica cooperated in the preliminary studies without much enthusiasm. Nicaragua insists that no future canal may touch Lake Nicaragua because it would drain off three-fourths of its water and destroy a potentially important economic asset. Possibly recalling the occupation by United States Marines from 1912 to 1925, Nicaragua further refuses to authorize foreign military bases on her soil, and demands abrogation of the Bryan-Chamorro Treaty which granted the United States perpetual rights to a canal through Nicaraguan territory.⁸

Since 1965, a five-member United States Atlantic-Pacific Interoceanic Canal Study Commission, with the Chief of Army Engineers as its agent, has conducted feasibility studies and coordinated all aspects of potential sea-level canal construction through the present Canal Zone and along the Sasardi-Morti route (named for its two main rivers) in Panama, as well as along the Atrato-Truando route through Colombia.⁹ Other agencies, both federal and private, have contributed valuable supporting studies related to foreign policy, defense, finance, ocean shipping, marine life and other relevant matters.¹⁰

While a sea-level route through the Canal Zone (route 14) may be the least costly to construct, modernization of the existing canal remains under study for comparative purposes. Various interesting plans exist for the conversion of the Panama Canal to sea level. One entails its being dredged to 145



Canal Routes under Study in the American Isthmus

feet or deeper gradually lowering the level of Gatún Lake. Under another plan, two generally parallel dams built across the lake, together with diversions, would create a dry strip to be excavated. Several other alternatives for a sea-level shipway in and near the Canal Zone are also under consideration, some using reaches of the present canal. Of course, the proximity of major population centers would permit conventional excavation only. Whatever may be done in this area by way of construction must insure an uninterrupted functioning of the canal.

The Sasardi-Morti route (17) is a densely forested strip of land, about 110 miles east of the Panama Canal. It runs from Caledonia Bay on the Caribbean through Darien Province to San Miguel on the Pacific, at present crossing the Continental Divide at 1,100 feet above sea level. Its remote though not too distant location and sparse population (3,000 Chocó Indians, who could be relocated) would permit nuclear excavation over this entire 44-mile stretch.¹¹

Under a survey agreement with Panama, basic data is being collected for nuclear operational studies along the Sasardi-Morti Route. These concern topography, geology, hydrology and hydrography, high and low level meteorological, seismic, bioenvironmental and medico-ecological information relating to man and his terrestrial as well as marine environment.¹²

If the final selection were based solely on economic and physical factors, the Sasardi-Morti route would be the logical choice. It

is close enough to the present canal and there would be no significant increase in sailing time. Certain non-geographic factors, however, may influence the final decision.

Thus, the topographic survey along the Atrato-Truando route (25) began after the January, 1964, anti-United States riots in Panama. Located entirely in Colombia, this route runs from the Caribbean for 55 miles along the western edge of the broad, low-lying alluvial plain of the Atrato River. The maximum elevation of this sector is about 50 feet. Approximately one billion cubic yards of material would have to be excavated here by hydraulic dredging. The rest of the route follows the Truando River for some 15 miles. It crosses the Continental Divide about 950 feet above sea level, some 6 miles from Humboldt Bay on the Pacific. Nuclear excavation methods could be applied in this 45-mile reach.¹³

United States relations with Colombia are excellent at this time, but the turn of the century, when Colombia lost not only the canal but Panama as well, has not been entirely forgotten. Consequently, it is not altogether surprising that Colombia recently established the Chocó Development Corporation. This autonomous government agency is to study the feasibility of a plan for a hydroelectric complex in an undeveloped section of northwestern Colombia, south of the zone where the United States is surveying.¹⁴ Almost as a fringe benefit this project includes an interoceanic passage which could be built conventionally through the lowest Continental Divide in the Western Hemisphere. A 138-mile lake would be created by damming the lower stretches of the northward-flowing Atrato, before it enters the Caribbean north of Uraba. A second, 75-mile lake

(Continued on page 113)

¹¹ The estimated cost is \$750,000,000 while the 1949 estimate, based on chemical explosives, exceeded \$5.1 billion.

¹² Harry G. Woodbury, Jr., "Shipway between the Oceans," 389, *The Military Engineer* (1967), p. 160.

¹³ The 1949 estimate of excavation by conventional means amounted to \$5.26 billion. By 1964, with use of nuclear devices, the estimate was down to \$1.45 billion.

¹⁴ Robert Panero, *Some Aspects of Constructing an Interoceanic Passage through the Department of Chocó in Colombia* (Harmon-on-Hudson, New York: Hudson Institute, 1966), pp. 1-17. Robert Panero, *South American "Great Lakes" System* (Croton-on-Hudson, New York: Hudson Institute, 1967), pp. 7-11. Robert Panero, *Implications of the Chocó Project* (Croton-on-Hudson, New York: Hudson Institute, 1968), pp. 1-39.

Anthony S. Reyner has served with the State Department and has taught at Grinnell College, the University of Maryland, Catholic University and the University of Puerto Rico. He has co-authored books on geography and has written numerous articles in scholarly journals.

"Despite a history of noncooperation, centripetal forces are presently at work in the Caribbean." Yet "whatever systems of economic integration they may enter, [the Caribbean nations] will be reluctant to relinquish any part of their independence."

Islands of the Caribbean

BY HAROLD MITCHELL

Research Professor of Latin American Studies, Rollins College

TO THE HISTORIAN, the sociologist and the anthropologist the nations of the Caribbean present a medley of change over the centuries.

In the Antilles, the Amerindian race has largely been superseded over the centuries by immigrants from Europe, Africa and Asia. The first intruders were mainly from Spain, England, France and the Netherlands; the eighteenth century sugar boom led to the introduction of slave labor from Africa and later to indentured immigrants from Asia.

When the Napoleonic Wars ended, Great Britain, with her naval bases at English Harbour in Antigua and at Port Royal in Jamaica, ruled the Caribbean waves. However, the decline of the sugar industry and the upsurge of the United States, symbolized by its resounding victory in the Spanish American War at the end of the nineteenth century, ushered in a new concept to the Antilles.

The interests of the two superpowers, the United States and the U.S.S.R., in the Caribbean have introduced stresses there which within the last decade nearly brought the world to disaster. Cuba, the largest and most populous island, still bears the marks of the Bay of Pigs fiasco in 1961 and the missile crisis a year later. In practice, the island is totally isolated from the rest of the Caribbean. Sales of sugar to the United States and the development of Cuba's once

promising tourist industry have ceased. Instead, Cuba supports a monocultural economy with markets thousands of miles away.

After World War II, Great Britain encouraged the rapid grant of independence to her Caribbean colonies. Even though the initial West Indies Federation broke up, Jamaica, Trinidad and Barbados moved quickly into independence. Great Britain, accepting the fact that the federation of the few remaining islands was impossible, resolved the problem by turning the smaller territories of the Eastern Caribbean into Associated States, thus further weakening their links with Britain but avoiding total independence. The delicate fabric of this relationship was almost torn to shreds by Anguilla, which broke away from St. Kitts in 1967. Failing to find a settlement, she proclaimed herself a republic in February, 1969. The ensuing uproar, climaxed by the landing of British troops in the "rebel" island, resulted in far greater psychological damage to Great Britain than it achieved success in Anguilla. The main lesson of the Anguilla crisis is that some sort of machinery is urgently needed whereby regional conflicts can be settled on a regional basis.¹

Today in the Caribbean only Montserrat, the British Virgin Islands, the Turks and Caicos Island and the Cayman Islands remain as Crown Colonies. Their future is debatable. Already the suggestion has been put forward that the British Virgin Islands might join forces with the neighboring American Virgin Islands. Pressures in the area

¹ Cf. Yves Collart, *Regional Conflict Resolution and Integration Process in the Commonwealth Caribbean* (Trinidad: Institute of International Relations, University of the West Indies, 1969).

may result in any of these islands being absorbed into some inter-Caribbean union, albeit an economic one.

The Netherlands sought a more flexible solution for its Caribbean territories and since 1954 they have been included as equal partners in the Kingdom of the Netherlands. This arrangement allows much decentralization; to a large extent, Surinam and the Netherlands Antilles manage their domestic affairs. The French solution is far less flexible. The Overseas Departments are administered on an equal footing with the metropolis. In practice, equality is doubtful and the movement for autonomy intermittently reaches flashpoint.

POLITICAL COOPERATION

Despite a history of noncooperation, centripetal forces are presently at work in the Caribbean. Political independence has bred the realization of a need for cooperation to achieve economic survival. Because the United States encourages the integration of its southern neighbors—which incidentally suits the large United States industries seeking ever wider markets—Washington will continue to encourage Antillean integration. The Central American common market suggests a pattern.

Since the first attempt at some form of Caribbean cooperation (when the Caribbean Commission was instituted in 1946 by the United States, Great Britain, France and the Netherlands to develop their dependencies), political developments have led to further structural change. After several metamorphoses, the Caribbean Economic Development Corporation, sponsored by Puerto Rico, held its first conference on economic coordination in San Juan in 1965. Stress has been placed on less formal integration, and the main aim of this body is to provide a suitable climate for inter-Caribbean trade. President Joaquin Balaguer of the Dominican Republic, whose country has stated its interest in the scheme, foresaw the possibility that the Dominican Republic might serve as an agri-

cultural base in some form of economic link and that Puerto Rico might become the industrial base.² Undoubtedly, Balaguer hoped indirectly to obtain some of the benefits afforded to Puerto Rico by her special association with the United States.

The independent Commonwealth Caribbean islands and others including Guyana have formed a trading association in CARI-FTA (Caribbean Free Trade Association) to encourage mutual commerce. As CARI-FTA represents the first attempt by Caribbean territories to unite without outside pressure, it may provide the synthesizing force which the West Indies Federation lacked. Though it is too early to speculate on the experiment's success, the establishment of a Regional Development Bank, despite Jamaica's initial misgivings, augurs well.

France has so far failed to acknowledge that inter-Caribbean links may prove a successful solution to the problems of the Overseas Departments. Despite representation from Martinique and Guadeloupe at inter-Caribbean economic conferences, the absence of a representative from the French government has been generally interpreted as a sign of its unwillingness to support Caribbean coordination. Possibly France may prefer to wait for the greater advantages which might result from the direct membership of her Overseas Departments in the larger Latin American Common Market, if this could be combined with continuing membership in the European Economic Community (E.E.C.). However, President Richard Nixon indicated in November, 1969, that should the E.E.C. continue to favor African exports over those of Latin America, the United States would consider preferential treatment of its neighbors to the south. In that event, the economic future of the French Caribbean territories might present difficult problems.

Trends in recent years have run against the successful traditional economies of the sugar islands of the Caribbean. World sugar prices have been low, even though the British islands have been able to dispose of their crops at a preferential price under the Commonwealth Sugar Agreement: in similar

² "Caribbean Trade Ties Again Urged," *The Christian Science Monitor*, Boston, March 14, 1967.

fashion the United States has absorbed the production of Puerto Rico and much of that of the Dominican Republic.

Mechanization of cultivation and harvesting of the sugar crop, vital during a period of rising wages (notwithstanding strong trade union opposition) has inevitably displaced labor. Although official figures are not readily available, unemployment in Jamaica and Trinidad is believed during recent years to have been around the 15 per cent mark, a figure unacceptable in most industrialized countries.

For more than 100 years the sugar industry has been the backbone of the economy of Barbados and is likely to remain so. Here, too, mechanical harvesting has begun, resulting in less employment. However, the rapidly developing tourist industry provides a counterbalance.

France, too, has had similar problems with her Antillean Overseas Departments, for sugar is significant in both Martinique and Guadeloupe. The metropolis remains the market for this sugar, under the wing of the E.E.C.

INDUSTRIALIZATION

Although progress has taken place in the industrialization of the Caribbean (and indications are that it will continue) the real problem is not just the attraction of new industries but the establishment of the right ones—that is, industries which can flourish without the artificial climate of continuing subsidies. The relative success of Puerto Rico due to her free access to the markets of the United States, combined with concealed subsidies, should not lead to the minimizing of the difficulties facing other Caribbean countries, including Cuba, which do not have these advantages.³

Heavy unemployment and underemploy-

ment in many of the islands add to the urgency of new outlets. Relatively few persons are employed in the many fully automated industries. However, the tourist trade provides a fortunate exception, because there is no substitute for personal service.

Some of the islands, led by Barbados (with a population of 1,400 persons to the square mile) and Jamaica, actively advocate family planning. Emigration as an answer to unemployment appears increasingly to lose favor in the world of today. Public opinion in Great Britain played its part in the introduction of the Commonwealth Immigrants Bill into the House of Commons in 1961: it was passed in 1962. In fact, Great Britain's decision had become inevitable when India and Pakistan changed their policy of restraint on emigration. Yet the situation of the West Indies, historically different, merited special treatment.⁴ Probably the West Indian governments made a mistake in linking their case to that of larger countries such as India and Pakistan and in stressing color discrimination rather than historic justice.

Partly because Britain is now emphasizing her role as a European nation, Commonwealth links have weakened and are based on parallel self interest rather than on some historical concept. The attitude towards Commonwealth immigrants has also changed. West Indians particularly have been exposed to disillusionment and cynicism.⁵ Inevitably seeking a sense of identity, these rejected people find a comforting philosophy in the Black Power or Black Nationalist movement, and foster its creeds. This is increasingly becoming a problem in the Caribbean.

FRANCE AND THE NETHERLANDS

France and the Netherlands have pursued a more successful immigration policy in relation to their territories in the Caribbean. Common citizenship exists between France and the French Overseas Departments. Currently (1966–1970) the total population movement from the three island departments to the metropolis is between 8,000 and 10,000 a year.⁶ Once the immigrants are in France, organizations help them to find work, and

³ Cf. Sir Harold Mitchell, *Contemporary Politics and Economics in the Caribbean* (Athens, Ohio: Ohio University Press, 1968), p. 403.

⁴ Mitchell, *op. cit.*, pp. 336–337. Cf. Letter to *The Times* (London), November 27, 1961.

⁵ Peter Evans, "The Cruel Deception," *The Times* (London), November 1, 1969.

⁶ *Vème Plan-DOM, Politique Démographique, Rapport Général* (Paris: n.d.), p. 6.

integration into the community is largely successful. Perhaps this is partly due to the fact that France has regarded the inhabitants of the Overseas Departments as French citizens.

Much of the employment problem in the Netherlands Antilles has been caused by redundancy due to the automating of the oil refineries. At first, a large proportion of foreign labor acted as a cushion and was repatriated. Emigration from the islands to the Netherlands also made a contribution. Citizens of the Netherlands Antilles and Surinam may freely visit, live and work in the Netherlands, although the arrangement is not reciprocal. Integration has been achieved with a remarkable degree of success. But the unemployment problem remains acute, as exemplified by the outbreak of riots in Curaçao which resulted in looting and arson in the summer of 1969.

Thus it is clear that the ties to Europe are of great significance to the Caribbean islands concerned. Any trade groupings formed among these European powers are of extreme importance. The French Overseas Departments are guaranteed special treatment in the E.E.C.; so too are the Netherlands Antilles and Surinam. This will not necessarily apply to Commonwealth Caribbean territories should Britain join the European Economic Community. Jamaica has for long viewed with suspicion Britain's attempts to enter the Common Market. Prime Minister Hugh Shearer has sought confirmation in London and other European capitals that Jamaica and other Commonwealth countries in the Caribbean will receive special consideration should Britain join.

THE TOURIST INDUSTRY

By far the greatest change in the Caribbean economy has been the rapid expansion of the tourist industry. Dramatic as this has been, the surface of the holiday boom has only been scratched. The Caribbean, because of its proximity to the United States and its climate, provides a superb playground. North America provides by far the greater part of the Caribbean tourist trade.

Despite an enlightened policy towards tourist development by Caribbean governments, resort hotels have often proved highly speculative as an investment, due to the short period of full occupancy. Intelligent publicity and promotion have underlined the attraction of the Caribbean even in summer.

The tourist boom continues to spread. Cruise ships play a significant part. Curaçao has a long tradition of shipping. Imaginative development of her picturesque fortifications and ancient buildings has achieved outstanding success, to which freeport shopping facilities contribute. Dominantly because of tourism, the Virgin Islands of the United States have the highest income per capita in the Caribbean, even surpassing that of Puerto Rico. The adjacent British Virgin Islands are now seeking to follow the same path. The government has granted permission to a British-backed company for a multi-million pound scheme to develop Tortola and Anagada.

Of the other smaller islands, Antigua earns 80 per cent of her revenue during the winter season from tourism. In addition, Antigua still benefits from United States Army and Navy facilities on the island. Like Antigua, St. Lucia has developed her airport to handle the arrival of the jumbo jets, has doubled her tourist figures during the present decade, and continues to move ahead.

Reaping the benefits of tourism is not so easy in some of the smaller, less accessible, less well-appointed islands. The most some can hope for may be cruise-ship visits. Saba is a case in point: her history, like that of so many of the tiny islands, represents the Caribbean in microcosm. Since colonization by the Dutch in 1648, Saba changed hands 12 times before becoming part of the Netherlands in 1816. Language in this case presents no problem to the tourist; English is the

(Continued on page 117)

Sir Harold Mitchell is the author of *Europe in the Caribbean* (Stanford: Stanford University Press, 1963), and *Contemporary Politics & Economics in the Caribbean* (Athens, Ohio: Ohio University Press, 1968).

BOOK REVIEWS

ON LATIN AMERICA

TRADITION AND REVOLT IN LATIN AMERICA AND OTHER ESSAYS. By R. A. HUMPHREYS. (New York: Institute of Latin American Studies, Columbia University, 1969. 244 pages, foreword, maps and index, \$7.50.)

A collection of lectures and articles written in the last 15 years by the distinguished British historian, R. A. Humphreys, professor of Latin American history at Queens College, University of London. Some of the essays deal with Latin American historiography and historians, others with the economic, social, political and international implications of the Latin American revolutions and the fall of the Spanish Empire. All of them offer fresh insights to the events reviewed and discussed, but of particular interest and value are those dealing with British traders in the area and with Anglo-American rivalries in South and Central America.

POLITICS AND SOCIAL FORCES IN CHILEAN DEVELOPMENT. By JAMES PETRAS. (Berkeley and Los Angeles: University of California Press, 1969. 355 pages, introduction, appendixes, bibliography and index, \$8.50.)

In this study of Chilean economic, social and political development, the author sees Chilean bureaucracy as the country's chief stabilizing force, moderating the social and political antagonisms created by the problems of slow economic growth and a rigid social system. He notes that both in the past and the present "inequality has been a basic feature of Chilean society. . . . Economic development has not resulted in a more equitable distribution of the social pie. The cost of industrialization and social welfare has been borne largely by the lower classes."

SUBVERSION AND SOCIAL CHANGE IN COLOMBIA. By ORLANDO FALS BORDA. Translated by Jacqueline D. Skiles. (New York: Columbia University Press, 1969. 210 pages, preface, notes, bibliography and index, \$6.95.)

A socio-historical examination of Colombia's past and present, from the Spanish Conquest to the movement of Father Camilo Torres Restrepo, "symbol of the 'generation of *La Violencia*.'" In his keen study of social change in Colombia, Professor Fals Borda attacks the traditional view of subversion as an immoral and socially destructive force and demonstrates that subversion has a prophetic, positive and moral dimension.

THE ARMY AND POLITICS IN ARGENTINA: 1928-1945 — YRIGOYEN TO PERON. By ROBERT A. POTASH. (Stanford, Stanford University Press, 1969. 287 pages, preface, illustrations, bibliography and index, \$8.95.)

CAMILO TORRES. By GERMAN GUZMAN. Translated by JOHN D. RING. (New York: Sheed and Ward, Inc., 1969. 298 pages and notes, \$6.95.)

THE COLONIAL BACKGROUND OF MODERN BRAZIL. By CAIO PRADO, JR. Translated by SUZETTE MACEDO. (Berkeley and Los Angeles: University of California Press, 1969 (paper). 439 pages, notes, bibliography and index, \$3.45.)

THE CUBAN REVOLUTION OF FIDEL CASTRO VIEWED FROM ABROAD: AN ANNOTATED BIBLIOGRAPHY. By GILBERTO V. FORT. (Lawrence: University of Kansas Libraries, 1969 (paper). Foreword by CHARLES L. STANSI-

FER, preface, introduction and index, \$3.00.

THE DOMINICAN REPUBLIC: NATION IN TRANSITION. BY HOWARD J. WIARDA. (New York: Frederick A. Praeger, 1969. 234 pages, preface, suggestions for further reading, photographs, map and index, \$7.00.)

ELECTRIC POWER IN BRAZIL: ENTREPRENEURSHIP IN THE PUBLIC SECTOR. BY JUDITH TENDLER. Foreword by ALBERT O. HIRSCHMAN. (Cambridge: Harvard University Press, 1969. 245 pages, tables, maps, bibliography and index, \$10.00.)

AN INTRODUCTION TO ARGENTINA. BY ROBERT J. ALEXANDER. (New York: Frederick A. Praeger, 1969. 184 pages, preface, map, bibliographic note and index, \$6.50.)

LATIN AMERICAN RADICALISM: A DOCUMENTARY REPORT ON LEFT AND NATIONALIST MOVEMENTS. EDITED BY IRVING LOUIS HOROWITZ, JOSUÉ DE CASTRO AND JOHN GERÁSSI. (New York: Vintage Books, 1969 (paper). 646 pages, preface and index, \$2.45.)

THE LIBERATORS: A STUDY OF INDEPENDENCE MOVEMENTS IN SPANISH AMERICA. BY IRENE NICHOLSON. (New York: Frederick A. Praeger, 1969. 313 pages, chart of dates, glossary, maps, illustrations, bibliography and index, \$8.95.)

NATIONALISM IN BRAZIL: A HISTORICAL SURVEY. BY E. BRADFORD BURNS. (New York: Frederick A. Praeger, 1969. 133 pages, acknowledgements, notes, bibliographical essay and index, \$5.50.)

NEW LANDS AND OLD TRADITIONS: KELCHI CULTIVATORS IN THE GUATEMALAN LOWLANDS. BY WIL-

LIAM E. CARTER. With the assistance of SAMUEL C. SNEDAKER. (Gainesville, University of Florida, 1969 (paper). 148 pages, preface, illustrations, tables, map and references cited, \$3.75.)

PENTAGONISM: A SUBSTITUTE FOR IMPERIALISM. BY JUAN BOSCH. TRANSLATED BY HELEN R. LANE. (New York: Grove Press, 1969. 141 pages, \$5.00.)

POLITICS AND BEEF IN ARGENTINA: PATTERNS OF CONFLICT AND CHANGE. BY PETER H. SMITH. (New York: Columbia University Press, 1969. 260 pages, introduction, bibliography and sources and index, \$10.00.)

ROADS TO POWER IN LATIN AMERICA. BY LUIS MERCIER VEGA. TRANSLATED BY ROBERT ROWLAND. (New York: Frederick A. Praeger, 1969. 201 pages, maps, references and index, \$6.00.)

THE ROCKEFELLER REPORT ON THE AMERICAS. The New York Times Edition. Introduction by TAD SZULC. (Chicago: Quadrangle Books, 1969 (paper), \$1.25.)

UNIVERSITY STUDENTS AND REVOLUTION IN CUBA: 1920-1968. BY JAIME SUCHLICKI. (Coral Gables, Florida: University of Miami Press, 1969. 135 pages, foreword, preface, notes, bibliography and index, \$6.95.)

URUGUAY: A CONTEMPORARY SURVEY. BY MARVIN ALISKY. (New York: Frederick A. Praeger, 1969. 164 pages, map, preface, bibliography and index, \$6.50.)

THE YOUNGEST REVOLUTION: A PERSONAL REPORT ON CUBA. BY ELIZABETH SUTHERLAND. With photos by Leroy Lucas. (New York: Dial Press, 1969. 277 pages, \$5.95.)

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CHRISTIAN DEMOCRACY IN CHILE

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moral force inside Latin America, nor any particular influence with the United States. The Latin American Free Trade Area (LAF-TA) is still more of a paper proposal than a real creation, and even Frei's concept of an Andean subgrouping has suffered from the political instabilities of its members. The influence of the United States in Latin America has been diminished at the hands of Peruvian and Bolivian generals rather than because of Frei. Yet it would not be surprising if the State Department was hoping for a return to the quiet days of the Alessandri period.

It remains problematic whether a turn to the right could reverse the changes in Chile. Many peasants and small landowners have much to be grateful for and are unlikely to welcome a reversal of the direction of change. The dwellers in the shanty towns are now aware that the government is anxious to solve their problems, even if its achievements have been modest. The government agreement with Anaconda could well be of major importance for the Chilean economy.

There is a great deal to be learned from the successes and failures of the Frei administration in Chile (at least one success of which has been the personal probity and commitment of Frei himself). The real tragedy will come if the next administration does not learn from its predecessor, and that will almost certainly be the case if Alessandri wins.

COSTA RICA AND HER NEIGHBORS

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More than nine months after he had promised that hemispheric affairs would get "highest priority," the North American executive's statement offered little beyond an explicit recognition of what had long been recognized by the Latin American people at large: that the Alliance for Progress had achieved none of its eloquently stated goals;

that pragmatism outweighs philosophy in terms of the recognition of governments (at least, with respect to rightist deviations from the "ideal," even if not with respect to leftist ones); and that he favors "trade-not-aid," with greater emphasis on private enterprise as a stimulus to economic development. The eventual release of the Rockefeller report was anticlimactic, but Latin Americans could not help but note that it was even more militaristic than most had expected.

In spite of local variations in specific economic, political and other sociological features, there is a very real community of problems to be faced by the five republics of Central America. In spite of continued nationalism, there is a very real sense in which these countries stand together in their reaction to other countries including the United States, which intentionally or not, continues to play the role of "the Colossus of the North." It is not too gross a generalization to say that Costa Rica and her Central American neighbors epitomize the dilemmas of contemporary Latin America, which are also those of the entire Third World.

WHICH ROUTE FOR THE ISTHMIAN CANAL?

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would be formed by damming the lower reaches of the San Juan River, which drains Colombia's Chocó region southward, before it empties into the Pacific just north of Buenaventura. The San Pablo Saddle, about 30 miles wide and 340 feet above sea level, would separate the heads of the two man-made lakes.

The proposed 260-mile waterway through the unhealthy, constantly hot and humid interior of Colombia may facilitate movement of ships up to a deadweight of 20,000 tons to and from the west coast of South America. But the remote location—a handicap which also applies to the Atrato-Truandó route—would hardly make it a satisfactory substitute for an Isthmian canal in traffic between the coasts of the United States. Since the extra day needed to travel south would increase

operating costs by \$4,000 to \$5,000, the United States has not studied the Atrato-San Juan route officially.

Barring untoward events, by 1970, completion of feasibility and cost studies should help determine a preliminary design for each route. Thereafter, 10 to 15 years may be needed for actual construction.

Before a site for the new seaway is finally selected and satisfactory arrangements made for the possible use of nuclear devices in construction, certain irritants of the past must be eliminated. In the first place, the shipway ought to yield a greater share of its revenue to the host country.¹⁵ Secondly, the new sea-level canal should be subject to the laws and taxes of its host country—rather than to control by the United States, the United Nations or the Organization of American States. Finally, operation of a simple sea-level canal by perhaps 700 employees—instead of the present 14,000 or more—should make unnecessary the present type of canal zone studded with foreign military bases.¹⁶

In the final analysis, one can only hope that—despite a history of political upheaval and change—the new sea-level canal will enhance the political and economic stability of the country which will become its host.

¹⁵ The payment to the Republic of Panama, after increases in 1936 and in 1955, now amounts to \$1,930,000 per year.

¹⁶ Proposed Lock Canal Treaty (July 17, 1967), Cong. Rec./Senate, pp. 9708-9716. Proposed Sea Level Canal Treaty (July 21, 1967), Cong. Rec./Senate, pp. 10027-10032. Proposed Defense Treaty (July 27, 1967), Cong. Rec./Senate, pp. 10419-10425.

MEXICO: SEASON OF SHADOWS

(Continued from page 94)

smuggling. Late in September, 1969, a massive land, sea and air drive against the entry of marijuana and other illegal drugs was instituted along the 2,500-mile Mexican-United States frontier. Operation Intercept introduced slow and rigorous inspections at the 31 highway crossings between the two countries. Wide publicity given to the slow inspections quickly discouraged touring

Americans, a circumstance which promised ruin to the border communities of Mexico. Mexicans retaliated with Operation Dignity, an effort to keep Mexicans and their money from crossing into the United States. Mexicans also resented President Díaz Ordaz' reference to the United States action as a "bureaucratic error." The United States Department of State soon admitted it had not consulted sufficiently with Mexican authorities about the intended crackdown. After 20 days of mounting ill will and diminishing drug seizures, Operation Intercept was ended.

Behind the scenes in Washington, D.C., the Mexican Ambassador and United States Department of Justice officials produced a compromise replacement for both Operation Intercept and Operation Dignity. Termed Operation Cooperation, it vaguely promised high-level binational meetings dedicated to solving the narcotics problem. Operation Intercept was long on publicity and short on diplomacy. The episode raises the specter of a new form of intervention, whereby international friction is generated to affect the course of internal affairs—i.e., marijuana production—in a foreign country. Given President Richard Nixon's insistence that his administration should be judged by actions rather than words, Mexicans are increasingly skeptical about the immediate prospect of Mexican-United States relations. Add to this the absence of action by the Nixon administration in the wake of New York Governor Nelson Rockefeller's 43-hour consideration of United States relations with a nation of 43 million, and Mexican skepticism veers toward cynicism.

PERU'S MILITARY GOVERNMENT

(Continued from page 72)

controls, and a cautious wage policy to produce a 5 per cent growth in G.N.P. next year and a 6.5 per cent annual increase in the period 1970-1975.¹³ This rather ambitious

¹³ For the full text of the minister's speech, see *Expresso*, October 14, 1969, pp. 3, 10, 23.

goal will require vastly expanded investment, which the United States can most readily provide.

Yet extreme nationalists within the government, like General Jorge Fernández Maldonado, Minister of Energy and Mines, are hostile to North American capitalists and insist that Peru should exploit her own natural resources. This philosophy will scarcely encourage potential investors. In contrast, Velasco wants to attract United States capital and is preparing to sign a contract granting concessions to the Southern Peru Copper Corporation, an amalgam of four United States mining companies. Whether such a move will tarnish the junta's revolutionary image and spark a conflict among the generals and whether the Peruvian regime can spur protracted development while refraining from repression are issues still in doubt.

Diverse groups outside Peru continue to shower praise and encouragement upon the Lima regime. Leftist priests and the students in neighboring Chile laud it as a government of "action not words," while right-wingers in Santiago applaud its nationalistic tack. The military leaderships of Argentina and Brazil are attempting to cultivate good relations with their Peruvian counterpart while Fidel Castro has complimented Velasco's reforms.¹⁴ Ovando Candia, after grabbing power in Bolivia on September 26, 1969, has aped the Peruvian experience by expropriating the Gulf Oil Company, calling for agrarian reform, and pronouncing his regime "revolutionary." Meanwhile, some observers in the United States assert that social-minded military governments may hold the key to development because of the lethargic bureaucracies, dysfunctional parliaments and incompetent civilian *políticos* found in many Latin American nations. They view the Peruvian junta as a sort of "white blackbird," imperfect only because it was not born of democracy. Such optimism will remain premature until Peru's generals deal successfully with the economic problems now confronting them.

¹⁴ See Castro's speech of Nov. 4, 1969, in the *Washington Post*, Dec. 17, 1969.

BRAZIL'S MILITARY REGIME

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course if it senses that Médici is too moderate or that he totally lacks public support.

ECONOMIC PROGRESS

Although the period under consideration has been distinguished by its political crises, it would be unjust to conclude this discussion of recent Brazilian history without some mention of the military's economic accomplishments. Economic progress, while not discernible to all Brazilians, has been considerable. During the last two years, Brazil's Gross National Product (G.N.P.) has increased by a respectable 6 to 7 per cent annually; trade policy has been liberalized; industrial and agricultural production has risen 10 to 14 per cent and 10 per cent a year respectively; and international lending has been on the ascent. Perhaps most satisfying to government economists has been their success in gradually curbing the nation's once rampant inflation. At the time of the "revolution," price levels were increasing at an alarming 92 per cent yearly. The recent rate of inflation, however, as measured by the cost of living index in Rio de Janeiro, was 41 per cent in 1966, 24.5 per cent in 1967, 24 per cent in 1968, and was expected to be about 20 per cent in 1969.

At last, Brazil's once chaotic financial situation seems nearly under control. The governmental budget deficit has been significantly reduced and credit expansion has been decelerated. A much more rational system of exchange rate adjustment has been implemented which has been at least partially responsible for the expansion of exports and the favorable balance of trade. At the same time, measures have been taken to strengthen the country's capital market. Together with renewed investor confidence, these steps have produced soaring stock prices on the Rio de Janeiro and São Paulo exchanges. During the first half of 1969, average quotations increased 120 per cent and the volume of stock

sales grew five-fold. Heightened confidence in the stock market, plus the assurance of monetary correction for many types of bank deposits, has provided both an outlet and an incentive for middle- and upper-class savings.

With Brazil's present favorable growth performance in mind, economists are now asking whether the much discussed stagnation of recent years has ended. Can the economy continue to grow, or will it revert to the lethargy of the past few years? Some economists argue that the economy can continue to grow without meaningful institutional change. Others contend that growth cannot be sustained without significant alterations of the institutional infrastructure, asserting that import substitution has been exhausted as a viable development strategy for Brazil, because manufactured items still being imported cannot be replaced by domestic products. These goods would be impossible to produce locally because of the exorbitant expense involved or because of the absence of required technological knowledge.

The military's economic attainments may be impressive, but the average Brazilian citizen's standard of living has not greatly improved. Despite a vigorous national housing program, most Brazilians continue to live in squalor and despair. President Médici, in his first presidential address to the people, promised to redirect the country's economic priorities. He vowed to safeguard the economic achievements of the "revolution" and to expand production and markets, but he also resolved to improve education, health and nutrition and, generally, to redistribute the nation's wealth more equitably.

Whether these pledges are fulfilled will partially depend upon the will and efficiency of the new regime. As the President has said, however, if the government's plan of national action is to triumph, the Brazilian people cannot be spectators; they must be the protagonists of this gigantic national effort. Discipline, fervor and imagination will be required and, above all, the people will have to possess confidence in their leaders and

willingness to back the government's economic policies.

ARGENTINA'S NEW MILITARY GOVERNMENT

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thodox economist and a moderate nationalist.

Despite the riots, there is still the same liberal and nationalist mix in the army and the government. Interior Minister Antonio Imaz was an associate of General Lonardi, leader of the 1955 revolt, and of those in the nationalist, Catholic and statist-oriented tradition; whereas General Alejandro Lanusse, like General Julio Alsogaray before him, is associated with the liberal line, with those who want an eventual return to traditional democratic processes and who seek to restructure the economy along strict free-enterprise lines.

The Onganía government still tried to patch up relations with labor. This effort was complicated by the assassination of Vandor in June, 1969, and the hostility of several participationist unions because several of their provincial leaders were jailed. Also, as long as Raimundo Ongaro remained in jail, it would be difficult for other labor leaders to supplant him. The leading Peronist political ideologist, Miguel Gazzera, has argued that it is necessary to agree with and support Ongaro. In addition to this support, Ongaro has ties to the so-called *perunistas*, a military clique led by Colonels Ramon Eduardo Molina and Carlos Luzuriaga, which is allegedly partly influenced by the Peruvian coup of 1968 and by Perón. There are reports that it approached General Eduardo R. Labanca, the former commander of the 10th Brigade of Infantry, with a plan to oppose Onganía. Ongaro's militant position has posed a threat even to the moderate Peronist leaders from more extremist figures in their rank and file following. The government may try to build up José Alonso as a compromise and cooperative figure from the participationist ranks.

Intellectual circles in the United States tend to hold patronizing and unrealistic atti-

tudes toward the military governments in Latin America. But actually it is misleading to characterize the Onganía government merely as repressive and reactionary. Although it is true that the government has intervened in universities and has imprisoned workers, the main thrust of the regime has been to maintain order and to stimulate economic expansion. The change has engendered an entente between the elites in Argentina's two major political traditions which have long been a major source of instability. If this process of reconciliation can continue so that Argentine elites can learn to cooperate, then a major step toward the precondition for a successful civilian government will be taken.

ISLANDS OF THE CARIBBEAN

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first language of the majority of the inhabitants. Access, however, is difficult: there is no harbor and the only landing place for a light airplane is on a rocky promontory. Saba can hardly be said to enjoy a tourist season, yet one day she may do so.

Tiny Montserrat seems to have been unsuccessful with the tourist industry, perhaps because her beaches, unlike those of other islands, are of dark volcanic sand, unattractive to visitors. There are few resort hotels. Airport facilities are being improved but tourism on a large scale seems far off.

France has been slow to develop the tourist potential of her Overseas Departments. However, under her five year plan of 1966-1970, more attention has been devoted to the expansion of tourism. By the end of 1970, it is envisaged that 1,200 hotel rooms will be ready for occupancy.⁷ Tourism is now recognized as a step towards the solution of the employment problem.

PROGRESS IN EDUCATION

In an age when education is increasingly acclaimed as the key to man's advance in his environment, the Caribbean is striding ahead.

Puerto Rico, with its magnificent campus at Rio Piedras, has a modern and vibrant university. The Dominican Republic rivals Lima in claiming at Santo Domingo the Western Hemisphere's first university. Following the French tradition, Haiti has always encouraged higher education, even if illiteracy is still widespread in many parts of the country. Cuba claims as one of the greatest achievements of her revolution the campaign instituted in 1961 to wipe out illiteracy.

In the Commonwealth Caribbean, the University of the West Indies (with headquarters at Mona in Jamaica and campuses in Trinidad and Barbados) advances rapidly. Its graduates—doctors, engineers and business men, working all over the Caribbean and beyond—contribute to the forming of public opinion favoring cooperation among scattered countries. These able young men and women will provide the leaders of the future.

In the field of foreign affairs, Trinidad, Barbados and, finally, Jamaica have joined the Organization of American States. Is it possible that this may encourage Canada to follow their example? Canada has long used her influential position in the Commonwealth as a balancing factor. An example of this independence is Canada's maintenance of diplomatic relations with Cuba. Furthermore, Canada is in a position to supply goods which Cuba is no longer able to purchase from the United States. Canada has traditionally established trade links with the islands to the south, selling salt fish and lumber and purchasing sugar and rum. From long experience Canadian banking has earned a high reputation in the Caribbean.

Notwithstanding a stormy past when they changed hands as pawns in the great European-sponsored wars of the nineteenth century, the Caribbean countries now value the flags symbolizing their independence. Perhaps the very background of past wars has made these newly independent countries treasure their freedom. Whatever systems of economic integration they may enter, they will be reluctant to relinquish any part of their independence.

⁷ *Le Monde* (Paris), January 14, 1969.

THE MONTH IN REVIEW

A CURRENT HISTORY chronology covering the most important events of December, 1969, to provide a day-by-day summary of world affairs.

INTERNATIONAL

Disarmament

- Dec. 4—It is reported that United States and Soviet delegates meeting in Helsinki have agreed on the broad topics to be discussed at future meetings on the limitation of strategic arms. The SALT talks will include the following topics: offensive weapons, defensive weapons, the relationship between offensive and defensive weapons, and a means of verifying any agreement.
- Dec. 22—Soviet and U.S. delegates end preliminary arms limitation talks with an agreement to start substantive negotiations in Vienna and Helsinki in April, 1970.

European Economic Community (Common Market)

- Dec. 1—At the opening session of a meeting of the leaders of the Common Market countries in the Hague, President Georges Pompidou of France warns that the inclusion of Britain in the organization might mean "weakness and fragmentation."
- Dec. 2—A communiqué issued at the close of a two-day meeting of the leaders of the European Economic Community announces an agreement to open negotiations with Britain and the other countries seeking entry into the Community. The communiqué also pledges "a definite financial agreement for a common agricultural policy by the end of 1969."

Latin America

- Dec. 5—The foreign ministers of the five Central American nations agree on a formula for negotiating a settlement of the conflict between El Salvador and Honduras. It is decided that negotiations should begin next month for the reestab-

lishment of diplomatic and commercial relations between the two countries.

Middle East Crisis

- Dec. 5—Two Israeli civilians held as hostages by Syria since the hijacking of a Trans World Airlines plane to Damascus on August 29, 1969, are released in exchange for 13 Syrian prisoners of war held by Israel.
- Dec. 6—Two Israeli pilots are exchanged for 6 Egyptian military men and 52 civilians. The exchange is related to the exchange yesterday of two Israelis for 13 Syrians.
- Dec. 12—Replying to the December 9 statement of U.S. Secretary of State William P. Rogers on the Middle East situation, Premier Golda Meir accuses the United States of trying to "moralize." (See *U.S. Foreign Policy*.)
- Dec. 14—In the first public Soviet response to Secretary Rogers' December 9 speech outlining proposals for peace in the Middle East, *Pravda*, the Communist party newspaper in the U.S.S.R., denounces the speech and says that the U.S. is trying to undermine Arab unity and to camouflage support for Israel.
- Dec. 18—President Gamal Abdel Nasser of the United Arab Republic and King Faisal of Saudi Arabia meet in Cairo to discuss the proposals that will be put before the high-level Arab conference that is to begin on December 20 at Rabat, Morocco.

Diplomatic sources announce that the French Defense Ministry has agreed to sell about \$400 million worth of modern arms, including 50 *Mirage* jets and 200 heavy tanks, to the revolutionary government of Libya; it is reported that the French have offered to assume responsibil-

ity for the air bases in Libya that are being evacuated by British and U.S. forces at the request of Libya.

Dec. 20—A “concrete and specific” proposal to settle the Israeli-Jordanian conflict is presented by the U.S. delegate to the U.N., Charles Yost, to delegates from France, Great Britain and the U.S.S.R.

Dec. 21—The conference of Arab heads of state opens in Morocco.

Dec. 22—Arab leaders meeting in Rabat plan for renewed war against Israel if political mediation fails. Oil-rich countries are asked to provide funds for weapons.

Dec. 23—The Arab summit conference ends in disagreement when Saudi Arabia and Kuwait refuse funds for massive arms purchases.

Dec. 25—An assault lasting a record 8½ hours is staged by Israeli jets against U.A.R. positions along the Suez Canal.

Following the unsuccessful conference at Rabat, the leaders of the U.A.R., Syria, Jordan and Iraq plan a meeting in Cairo in January, 1970.

Monetary Crisis

Dec. 9—The price of gold in the free market falls to \$35 an ounce, the official price for monetary transactions between governments; this is hailed by observers as a victory for the United States.

Nordic Economic Community

Dec. 13—The Premiers of Finland, Denmark, Norway and Sweden issue a communiqué after a conference on the formation of a Nordic economic community to be known as Nordek. The Finnish request that final negotiations be delayed until after the Finnish parliamentary elections of March, 1970, is granted. A meeting of the Nordic Council is scheduled for February, 1970.

North Atlantic Treaty Organization (NATO)

Dec. 3—On the opening day of a 3-day ministerial meeting of NATO in Brussels, an

agreement is reached on political guidelines for the tactical use of nuclear weapons in the defense of Western Europe.

Dec. 5—At the close of a 3-day meeting of the NATO alliance in Brussels, a declaration indicates that NATO is receptive to the Warsaw Pact's proposal to hold talks.

Dec. 10—The Committee on the Challenges of Modern Society, a new organ of the alliance, announces a program of action on pollution, highway accidents, the problems of “hippie” school dropouts, computerization, and automated society.

United Nations

Dec. 5—The World Health Organization reports that defoliant chemicals such as those being used in Vietnam may be the cause of birth defects in children.

Dec. 9—The Security Council votes 13 to 0 with 2 abstentions to condemn Portugal for the shelling of a village in Senegal.

The Political Committee of the General Assembly votes 67 to 0, with 40 abstentions, for a resolution calling for a moratorium on all “further testing and deployment of new offensive and defensive strategic nuclear weapons systems.” The resolution calls for the immediate cessation of the nuclear arms race.

Dec. 10—The Political Committee of the General Assembly votes 58 to 3, with 35 abstentions, for a resolution which declares that the use of all chemical weapons is prohibited by international convention; this prohibition includes tear gas and defoliants.

Soviet officials at the United Nations voice their support for Secretary of State William P. Rogers' December 9 statement about the Middle East.

Dec. 11—The Security Council votes unanimously to retain the peace-keeping force in Cyprus until June 15, 1970.

Dec. 12—The Political Committee of the General Assembly votes to send the Soviet-United States draft treaty banning weapons of mass destruction from the ocean

floor back to the 26-nation Geneva disarmament conference.

The General Assembly passes a resolution asking member nations to enact legislation ensuring that plane hijackers will be prosecuted.

Dec. 13—The General Assembly unanimously requests Secretary General U Thant to initiate plans for an international university to be organized under United Nations auspices.

War in Vietnam

Dec. 1—Military headquarters announce that United States troop strength in Vietnam has dropped to 479,500, the lowest in 2 years. U.S. casualties continue to be light.

Dec. 3—North Vietnamese troops suffer heavy losses in an attack across the Cambodian border at Tuyenbinh, a South Vietnamese district town. This is the first attack by a battalion-size group since the beginning of North Vietnamese infiltration into the Mekong Delta in May, 1969.

The office of President Nguyen Van Thieu announces that the South Vietnamese and their allies will observe cease-fires for two 24-hour periods at Christmas and *Tet* (the New Year).

Dec. 6—The Vietcong announce 3-day cease-fires for the Christmas and *Tet* holidays.

Dec. 10—A spokesman for the South Vietnamese government announces an increase of 88,000 in the armed forces during the last six months; the South Vietnam forces now total 1,090,000 men.

Dec. 11—Xuan Thuy, the chief North Vietnamese delegate to the Paris peace negotiations, avoids the talks; a press secretary for the North Vietnamese declares that the U.S. has "deliberately lowered the level of the Paris conference and is seeking to deliberately sabotage it" because no replacement has been named for Henry Cabot Lodge, who resigned November 20.

Dec. 12—Philippine Army soldiers begin to leave for home. President Ferdinand E. Marcos has said that all 1,350 will be home for Christmas.

Dec. 23—The Vietcong begin a 3-day truce. A 24-hour truce by allied forces is scheduled to begin tomorrow.

U.S. Secretary of State William Rogers says North Vietnam's infiltration of troops into South Vietnam has dropped in the past 6 weeks.

Dec. 31—The U.S. command in Saigon reports fierce fighting during the holiday truce.

Warsaw Pact

Dec. 4—A joint communiqué by the 7 Warsaw Pact nations combines cautious praise of the new Bonn government with warnings of neo-Nazi and revenge-seeking forces within West Germany.

ARGENTINA

Dec. 10—The government announces that on January 1, 1970, the basic unit of Argentine currency will be a new peso worth 3.5 instead of 350 to the U.S. dollar.

BRAZIL

Dec. 17—Former President Artur da Costa e Silva dies.

BULGARIA

(See *Yugoslavia*)

BURUNDI

Dec. 17—A court martial sentences 26 persons, including 3 former ministers, to death for an attempted coup in September, 1969.

CANADA

Dec. 5—The government announces a curb on the export of nickel. The Canadian nickel strike has reduced supplies of the ore in many countries.

Dec. 6—A commitment to contribute 1 per cent of her gross national product to aid underdeveloped countries is postponed because of Canada's freeze on overall government spending, according to a government announcement.

CHAD

Dec. 14—Citizens vote for a new National Assembly. President François Tombal-baye's Progressive party presents the only slate, with 105 candidates.

CHILE

Dec. 8—Special internal security measures are instituted after rumors of secret meetings by military officers reach the government.

CHINA, PEOPLE'S REPUBLIC OF (Communist)

Dec. 2—The government imposes new restrictions on foreigners who live in Peking.

Dec. 11—Envoys of the U.S. meet with Chinese representatives in Warsaw to discuss resumption of formal ambassadorial talks.

CHINA, REPUBLIC OF (Nationalist)

Dec. 18—Prison sentences ranging up to 15 years are meted out to 12 citizens accused of conspiring to establish an independent Taiwanese republic.

COLOMBIA

Dec. 20—Some 108 persons are convicted by a court martial of guerrilla activities or association with guerrillas. 103 others are exonerated.

CZECHOSLOVAKIA

Dec. 11—The office of the Czechoslovak Attorney General announces that investigations have proved that the death of Foreign Minister Jan Masaryk in 1948 was neither suicide nor murder but an accident. The question was reopened under the liberal regime of Alexander Dubcek.

Dec. 13—*Rude Pravo*, the Czechoslovak Communist newspaper, warns against punitive purges of progressives in the party.

Dec. 15—The Czechoslovak press agency C.T.K. announces the appointment of former party leader Dubcek as Ambassador to Turkey.

Dec. 17—Eleven liberal members of Parliament, including Josef Smrkovsky, resign

under pressure, leaving the Parliament completely under conservative control.

DAHOMY

Dec. 10—President Emile-Derlin Zinsou is removed from office by army officers in a coup d'état. This is the fifth coup in 6 years.

Dec. 13—Lieutenant Colonel Paul Emile de Souza is named head of a 3-man military junta.

Dec. 17—The military committee imposes censorship on all news media.

FRANCE

Dec. 19—Spokesmen in the Defense Ministry confirm that negotiations with Libya on arms sales are under way.

Dec. 30—Leading Paris newspapers charge that government officials cooperated secretly with Israel in allowing 5 French-built gunboats embargoed at Cherbourg to escape December 25.

Dec. 31—The 5 gunboats reach the Israeli port of Haifa. The boats, originally built for Israel, were sold to a Norwegian firm after the French embargo on arms to Israel. Two French defense officials are suspended pending an inquiry.

GERMANY, FEDERAL REPUBLIC OF (West)

(See also U.S.S.R.)

Dec. 4—The borrowing rate for commercial banks is raised from 7½ to 9 per cent to curb the outflow of funds.

Dec. 12—Chancellor Willy Brandt declares that "at the appropriate time," his government will negotiate with the Czech government; currently, the West Germans are conferring with Poland and the U.S.S.R.

Dec. 21—An exchange of letters between President Gustav Heinemann and East German leader Walter Ulbricht leads to an agreement in principle to open discussions on the possible establishment of relations between the two countries.

GHANA

Dec. 2—The government orders all foreigners

without work permits to leave Ghana within 15 days.

Dec. 6—Government spokesmen say the expulsion of foreigners from Ghana is aimed at reducing smuggling and reducing the number of undesirable aliens in the country.

GREECE

Dec. 12—Greece withdraws from the Council of Europe as the Council considers suspending Greece until she restores democratic rights.

HUNGARY

(See *Spain*)

ISRAEL

(See also *France; Intl, Middle East Crisis*)

Dec. 14—General Ezer Weizman becomes Minister of Transportation; Weizman is Israel's second-ranking military officer.

Dec. 15—The *Knesset* approves the new 24-man coalition Cabinet, 90 to 10, with 4 abstentions. The coalition is made up of the Labor party, the right-wing *Gahal*, the left-wing *Mapam*, the independent Liberals and 2 Arab parties.

ITALY

Dec. 7—Chemical and pharmaceutical workers sign a contract to receive wage increases and a shorter work week. Wages will increase by 35 to 40 per cent by 1972.

Dec. 8—Some 180,000 metalworkers approve a contract providing increases of 10.5 cents an hour and shortening the work week from 43 to 40 hours.

Dec. 12—At least 13 persons are killed and 85 are injured when a terrorist bomb explodes in Milan. In Rome, 3 blasts injure 16 people. President Giuseppe Saragat terms the explosions "ghastly" crimes; extremists from the neo-Fascist right and the Maoist left have been detained for questioning.

JAPAN

Dec. 2—The House of Representatives is dissolved by Premier Eisaku Sato in preparation for general elections on December 27.

Dec. 13—In a campaign speech, Premier Eisaku Sato declares that Japan desires high-level official contacts with Communist China. His statement follows a U.S. State Department announcement yesterday that representatives of the U.S. and Communist China had met in Warsaw on December 11 in "a friendly atmosphere."

Dec. 28—The Liberal Democratic party of Premier Sato wins a substantial victory in national elections for the House of Representatives.

KENYA

Dec. 7—Returns from the December 6 elections to the National Assembly show that 5 Cabinet ministers and 74 incumbent legislators have been defeated.

Dec. 13—At an independence day rally, President Jomo Kenyatta pledges that Kenya will not become a 1-party state, and that the press and the judiciary will remain free. A second 5-year plan is announced, envisaging a 75 per cent increase in industrial output.

KOREA, DEMOCRATIC REPUBLIC OF (North)

Dec. 11—Hijackers divert a South Korean commercial airliner to North Korea.

Dec. 25—The government offers to negotiate the return of 17 passengers from the hijacked airliner with "representatives of non-official organizations" only.

KOREA, REPUBLIC OF (South)

(See also *U.S., Foreign Policy*)

Dec. 26—The government rejects "unofficial" negotiations with North Korea over the return of the passengers from the airliner hijacked by North Korea. (See *North Korea*.)

LAOS

Dec. 2—Pro-Communist Pathet Lao troops retake an area near the Ho Chi Minh Trail

captured by government troops in September, 1969.

Dec. 13—In an interview, the Laotian Premier, Prince Souvanna Phouma, admits that Communist China has "4 or 5 battalions with a few antiaircraft guns" in northern Laos. The Chinese are known to be building roads along the border in Pathet Lao territory. The Prince denies that 2 Chinese divisions have entered Laos.

LIBYA

(See also *France; Intl, Middle East Crisis*)

Dec. 10—An attempted coup d'etat is put down by the government, according to government spokesmen.

Dec. 13—The British Foreign Office announces that Britain has agreed to withdraw all her forces from Libya by March 31, 1970.

MEXICO

Dec. 27—The government announces an increase in the minimum wage for 1970-1971. Rural workers will receive a 13.7 per cent increase; urban workers will receive a 14.5 per cent increase.

PAKISTAN

Dec. 7—Charges of corruption, inefficiency, misconduct and subversion are lodged against 303 Pakistani officials by the government. They face trial by army tribunals.

PANAMA

Dec. 15—In a bloodless coup, Brigadier General Omar Torrijos is ousted from the ruling junta; Torrijos, who was officially commander of the National Guard, is in Mexico City.

Dec. 16—Torrijos returns to Panama and reverses the coup. The coup leaders are jailed.

Dec. 19—Torrijos appoints 2 civilians to replace the 2 generals in the 3-man junta. The generals did not support Torrijos in the 1-day coup attempt December 15.

PERU

Dec. 3—The government rejects changes in a contract with the Southern Peru Copper

Company. The company is required to invest \$355 million in Peru in expanding its operations.

Dec. 19—The Southern Peru Copper Company and the government sign the agreement to expand development operations.

POLAND

Dec. 22—The government expresses willingness to begin talks with West Germany on a broad range of issues.

RUMANIA

Dec. 14—It is reported from Vienna that in a speech at the end of a 4-day meeting of the Central Committee, Communist party leader Nicolae Ceausescu urged the nations of the Communist bloc to seek relations with West Germany.

SAUDI ARABIA

(See also *Southern Yemen; U.A.R.*)

Dec. 7—The government announces that it has resumed aid to the Yemeni royalists. The fighting between the royalists and the republican government has been going on sporadically for 7 years.

SOUTHERN YEMEN

Dec. 12—It is disclosed in Cairo that Southern Yemen has asked the Arab League to investigate her border dispute with Saudi Arabia.

SPAIN

Dec. 17—Government officials sign an agreement with members of the Hungarian Foreign Ministry to exchange consulates.

Dec. 26—A petition signed by 131 members of opposition groups challenges the government to adopt European-style democracy.

SUDAN

Dec. 12—The Middle East News Agency reports from Khartoum that the government has announced that it has resisted a coup.

THAILAND

Dec. 26—U.S. troop strength in Thailand now stands at 45,600, according to U.S. embassy spokesmen in Bangkok. 2,400

men have been withdrawn since October, 1969.

UGANDA

Dec. 19—A state of emergency is declared after a gunman wounds President Milton Obote.

U.S.S.R.

(See also *U.A.R.*)

Dec. 8—Talks with representatives from West Germany begin on a pact to renounce the use or threat of force.

UNITED ARAB REPUBLIC

Dec. 12—After a 4-day visit to Moscow by top-level U.A.R. officials, the U.S.S.R. and the U.A.R. issue a joint communiqué stating that "urgent and constructive" steps are necessary "to eliminate the consequences of Israeli aggression"; it appears that no agreement on the nature of such steps has been reached.

Dec. 18—Saudi Arabia's King Faisal meets with U.A.R. President Gamal Abdel Nasser in Cairo.

UNITED KINGDOM

Dec. 1—Teachers at 325 schools in Great Britain go on strike for higher pay. The schools closed by the strike are in London, Manchester, Birmingham, Bristol and Wales.

Dec. 16—By a vote of 343 to 185, the House of Commons votes to abolish the death penalty.

Dec. 18—The House of Lords approves the passage of the resolution abolishing the death penalty. This completes the action required to give the resolution the force of law.

UNITED STATES

Civil Rights and Race Relations

(See also *Supreme Court*)

Dec. 1—Sixteen school districts in 6 Southern states are ordered to have integrated school systems ready by the fall of 1970 by order of the U.S. Court of Appeals for the Fifth Circuit. Affected districts in Alabama,

Florida, Georgia, Louisiana, Mississippi and Texas are directed to use 2-step plans to effect student integration.

Dec. 2—The U.S. Court of Appeals for the Fourth Circuit orders full integration of 5 school districts in Virginia and North Carolina by January 31, 1970.

Dec. 4—The Illinois chairman of the Black Panther party, Fred Hampton, and another party leader are killed in the course of a police raid; 28 members of the party have reportedly been slain by police since January, 1968. The police charge that the men were slain in the course of a gun battle; the Panthers contend that Hampton was "murdered in his bed."

Dec. 6—The National Association for the Advancement of Colored People (N.A.-A.C.P.) discloses the start of a national campaign against discriminatory suburban zoning.

Dec. 12—The Justice Department orders a preliminary investigation into the fatal shooting of Black Panther leaders Fred Hampton and Mark Clark.

Dec. 31—The Justice Department asks the Supreme Court to allow school systems in Alabama, Florida, Georgia, Louisiana, Mississippi and Texas to delay desegregation until September, 1970. School districts already under Court order to desegregate would not be affected.

Economy

Dec. 19—The cost of living index rose one-half of one per cent in November, according to the Bureau of Labor Statistics.

Foreign Policy

Dec. 1—The State Department acknowledges that the U.S. stepped up its aid to Thailand because Thai troops were sent to South Vietnam. *The New York Times* cites "informed congressional sources" as saying that in a 5-year period U.S. aid to Thailand would total \$1 billion for equipping and supporting a Thai division in Vietnam. The State Department does not comment on this report.

Dec. 6—William P. Rogers, Secretary of

State, says that the "nebulous and imprecise agenda" suggested by the Soviet bloc for the proposed European security conference might lead to an "unrealistic" meeting that might result in deteriorating relations between East and West.

Dec. 8—In Geneva, the U.S. opens talks with South Korea in an effort to persuade South Koreans voluntarily to limit low-cost woolen and man-made fiber textile shipments to the U.S. market. Similar conferences with Nationalist China open December 10; conferences with Hong Kong will follow.

Dec. 9—Rogers reveals formerly private U.S. suggestions for settling the Arab-Israeli dispute, including an Israeli withdrawal from Arab territory in return for a binding peace treaty with the Arabs. The U.S. suggestion was given to the U.S.S.R. over a month ago.

Dec. 10—The Department of State says the U.S. is willing to reopen diplomatic relations with the Arab states.

Dec. 11—The President breakfasts at the White House with former President Lyndon Johnson and confers with him on foreign policy; later, he confers with former Secretary of State Dean Acheson, former New York Governor Thomas E. Dewey and retired General Lucius D. Clay.

Dec. 12—U.S. envoys in Warsaw meet with representatives of Communist China to discuss reopening ambassadorial talks.

Dec. 15—In a nationally televised speech, President Richard Nixon announces that 50,000 additional U.S. troops will be withdrawn from Vietnam by April 15, 1970.

Dec. 19—The State Department announces eased restrictions on trade with Communist China. Nonstrategic goods may be sold to China by U.S. subsidiaries and affiliates abroad, and Chinese products may be bought for resale in foreign markets.

Dec. 26—Vice President Spiro Agnew leaves to visit 10 nations in Southeast Asia carrying moon rock samples as gifts.

held in Washington, D.C.; all men in the U.S. between the ages of 19 and 26 who have not served in the armed forces—some 850,000—are given numbers that determine the order in which they will be called for military service. Deferments are not affected.

Dec. 2—The Division of Immigration Certification in the Department of Labor announces that restrictions on the entry of foreign domestic labor will be eased.

Voting 335 to 55, the House of Representatives approves a resolution endorsing the President's attempts to negotiate a "just peace" in Vietnam.

The President addresses the White House Conference on Food, Nutrition and Health in its opening session, declaring that he claims the responsibility for ending hunger in the U.S.

The President ousts Raymond H. Lapin as president of the Federal National Mortgage Association; Lapin says his dismissal is politically motivated and probably illegal, and his attorneys threaten to sue the President.

Dec. 3—Deputy Attorney General Richard G. Kleindienst reveals that the administration has asked Congress to repeal a law allowing the establishment of detention camps for internal security emergencies.

Dec. 4—The Department of Housing and Urban Development announces planned expenditures of \$330 million to \$340 million for an accelerated program of urban renewal in the 1970 fiscal year.

The White House Conference on Food, Nutrition and Health adopts a strong statement listing priorities in dealing with hunger and health in the U.S. It demands that the President declare a national hunger emergency.

The President tells the Department of Agriculture to extend the food stamp programs within 6 months to the 307 counties in the U.S. that do not have the programs. In addition, he orders rapid implementation of a planned increase in food-stamp levels from \$65 a month to \$106 a month for a family of 4.

Government

Dec. 1—The first draft lottery since 1942 is

President Nixon discloses that Judge Clement F. Haynsworth, Jr., will retain his post as chief judge of the U.S. Court of Appeals for the Fourth Circuit; he criticizes the opponents of Haynsworth's nomination for the Supreme Court.

Dec. 5—Secretary of Transportation John Volpe gives high status to the National Highway Safety Bureau and its new director, Douglas W. Toms, to give more importance to the federal auto safety program.

Dec. 8—In his first televised news conference since September 26, 1969, President Nixon says he will not allow dissent to influence him with regard to Vietnam.

Dec. 10—It is announced in Washington that Commissioner of the Food and Drug Administration Dr. Herbert Ley will be replaced by Dr. Charles C. Edwards; 2 other top officials are ousted. The agency is to be reorganized.

Attorney General John N. Mitchell reveals that "within the next week or 10 days" there is going to be a massive indictment of public officials and gamblers in a state which he does not identify; the Department of Justice indicates that he is referring to the state of New Jersey. He charges that "in this state" a large part of the Internal Revenue Service is controlled by the Mafia.

Dec. 12—In a unanimous final report, the National Commission on the Causes and Prevention of Violence declares that the most serious danger to the U.S. is internal and that at least \$20 billion should be spent on social programs annually, to combat "a rising tide of individual and group violence."

U.S. Attorney Frederick B. Lacey makes it clear that the state of New Jersey is free to begin ouster action against Newark's Mayor Hugh J. Addonizio, charged with links to organized crime, and with corruption. Addonizio has refused to answer questions put to him by a federal grand jury.

Congress passes a 1-year extension of existing housing programs, including in-

creased rent subsidies for tenants of public housing.

Dec. 16—A federal grand jury in Newark indicts 55 persons on charges of conspiring to operate an interstate lottery.

Dec. 17—Ten current or former officials of Newark, N.J., including Mayor Addonizio, are indicted on extortion charges.

Dec. 18—The Senate confirms the nomination of Arthur F. Burns as chairman of the Federal Reserve Board. He will assume office February 1, 1970.

The Senate approves and sends to the White House a stringent mine safety bill.

Dec. 19—Congress completes action on a \$1.97 billion authorization for foreign aid. The Senate delays action on the \$1.86 billion foreign aid appropriation bill until 1971.

Dec. 22—Congress completes action on a compromise tax reform bill: the personal exemption is to be raised in steps from \$600 to \$750 by 1973; the oil depletion allowance is cut from 27½ per cent to 22 per cent; a tax-free allowance is given low-income individuals; a special maximum tax rate is to be applied to "earned income"; a "minimum tax" is set to prevent large tax-free incomes; some tax relief is granted to single persons. Social security benefits are increased 15 per cent. Withholding tax rates on personal income are to be lowered July 1, 1970; the surtax is cut from 10 per cent to 5 per cent and is to expire June 30, 1970.

Congress approves the establishment of the Council on Environmental Quality.

Dec. 23—The first session of the 91st Congress adjourns. The second session will open January 19.

Dec. 24—Jean Mayer, the President's consultant on nutrition, announces a program to provide hot lunches to needy children attending schools lacking kitchen facilities.

Dec. 29—The President signs the Tax Reform Act of 1969 and the Federal Coal Mine Health and Safety Act of 1969. He promises to balance the budget for fiscal 1971.

Dec. 30—The President signs an almost \$70 billion defense appropriation bill, which in-

cludes a ban on the use of U.S. combat troops in Thailand and Laos.

The government raises the legal interest rate ceiling on home mortgages it insures or guarantees from 7.5 per cent to 8.5 per cent, effective January 5, 1970.

Labor

Dec. 4—The nation's major railroads and their shopcraft unions agree to a 2-year contract, avoiding a rail strike. The agreement, which requires ratification by 48,000 workers in 4 unions, is said to provide an 11 per cent raise—largely retroactive—for 1969 and an additional 7 per cent raise for 1970.

Dec. 11—Public school teachers in Providence, Rhode Island, vote to accept a 2-year contract with stepped up salary increases; a 12-day strike ends.

Dec. 13—Nearly final unofficial figures show that in the election of December 10 W. A. Boyle retained the presidency of the United Mine Workers with 63 per cent of the vote; this is the first time in U.M.W. history that the incumbent did not receive at least 80 per cent of the vote.

Military

Dec. 6—Senator Mike Mansfield (D., Montana) makes public a letter from Deputy Defense Secretary David Packard promising him that the Defense Department will enforce the congressional ban on nonmilitary Pentagon research included in a fiscal 1970 military authorization bill.

Dec. 16—The plan to withdraw 50,000 more U.S. troops from Vietnam by April, 1970, will reduce draft calls by 25,000 during 1970, according to the Defense Department.

President Nixon endorses the Senate prohibition on use of U.S. ground troops in Laos and Thailand. The ban was voted yesterday as an amendment to an appropriations bill.

Dec. 26—Pentagon spokesmen forecast a cut of 200,000 to 300,000 men in the armed forces by July 1, 1970, permitting reduc-

tions of \$4.5 billion below current defense spending levels.

Politics

Dec. 9—New York Governor Nelson Rockefeller endorses Senator Charles R. Goodell's campaign for the Republican candidacy in the 1970 Senatorial elections.

Former U.S. Representative at the U.N. Arthur J. Goldberg announces that he will not seek political office in 1970.

Dec. 13—Carmine G. De Sapio is found guilty of conspiring to bribe former New York City Water Commissioner James Marcus and to extort contracts from Consolidated Edison. De Sapio is former head of Tammany Hall.

Supreme Court

(See also *Civil Rights and Race Relations*)

Dec. 5—Ten federal judges are named by Chief Justice Warren E. Burger to supervise the financial and out-of-court affairs of all federal judges except Supreme Court members.

Dec. 8—Voting 6 to 2, the Court rules constitutional federal laws that make it a criminal act for drug peddlers to fail to use official order forms when selling narcotics.

The Court rules 6 to 2 to sustain the criminal contempt conviction of United Federation of Teachers head Albert Shanker for responsibility for the 1968 teacher strike in New York City.

The Court rules 6 to 2 that under the federal railway labor law railroads have only limited freedom to make major technological changes without consulting rail unions.

Chief Justice Burger says he thinks that the First Amendment gives broad discretion over obscene materials to the states; he dissents, with Justice John Harlan, from a Court ruling reversing the conviction of a Watertown, New York, shopkeeper for selling "girlie" magazines.

Dec. 9—The Court rules 6 to 2 that in states where state banks are not allowed to offer armored-car services and receptacles for

off-premise deposits, national banks cannot offer these services either, because Congress intended to maintain "competitive equality" when it created the national system.

In a 5- to 3-decision, the Court declares that longshoremen injured or killed while at work on a pier permanently affixed to the shore are not entitled to federal compensation; coverage of the Longshoremen's Act is restricted to injuries at sea.

Dec. 13—Six school districts in 4 Southern states—Louisiana, Alabama, Georgia and Mississippi—are ordered to "complete student desegregation" by February 1, 1970, by the Supreme Court.

Dec. 15—The Supreme Court rules 5 to 3 that a park and swimming pool owned by residents of a suburban community may not exclude a Negro family that has leased a house in the community.

URUGUAY

Dec. 6—The government orders the press and radio to refer to the urban guerrillas as "common criminals." The media have been describing the guerrillas as "Robin Hoods" who rob banks to gain money for financing workers' clinics and primary schools.

VIETNAM, REPUBLIC OF (South)

Dec. 14—Some hundred Buddhist monks clash with national police in Saigon when the monks attempt to march to the presidential palace to stage a protest against the government.

YEMEN

Dec. 30—Reports from Aden indicate a resumption of fighting between royalists and republicans.

YUGOSLAVIA

Dec. 13—Five days of Bulgarian-Yugoslav conferences on Macedonia end without agreement. A communiqué reports "frank talks."

BOOK REVIEWS

(Continued from page 112)

THE MODERNIZATION OF PUERTO RICO: A POLITICAL STUDY OF CHANGING VALUES AND INSTITUTIONS. BY HENRY WELLS. (Cambridge: Harvard University Press, 1969. 338 pages, notes and index, \$9.95.)

THE NEGRO IN BRAZILIAN SOCIETY. BY FLORESTAN FERNANDES. (New York: Columbia University Press, 1969. 447 pages, notes and index, \$12.50.)

THE LATIN AMERICANS. BY VICTOR ALBA. (New York: Frederick A. Praeger, 1969. 367 pages, reading list and index, \$10.00.)

THE COLONIAL HERITAGE OF LATIN AMERICA. BY STANLEY J. AND BARBARA H. STEIN. (New York: Oxford University Press, 1970. 198 pages, bibliography and index, \$5.00.)

THE TRANSFORMATION OF POLITICAL CULTURE IN CUBA. BY RICHARD R. FAGEN. (Stanford: Stanford University Press, 1969. 165 pages, appendixes, notes and index, \$8.50.)

THE ARMY AND POLITICS IN ARGENTINA: 1928-1945. BY ROBERT A. POTASH. (Stanford: Stanford University Press, 1969. 287 pages, bibliography and index, \$8.95.)

OBSTACLES TO CHANGE IN LATIN AMERICA. EDITED BY CLAUDIO VELIZ. (New York: Oxford University Press, 1969 (paper). 252 pages and index, \$1.95.)

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